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No. 26

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NATIONAL ECONOMIC POLICY

POLICY OF 'PLANNING FIRST' UPHELD

Beijing JIAOXUE YU YANJIU [TEACHING AND RESEARCH] in Chinese No 4, 30 Jul 79
pp 46-50

[Article by Ye Xuewen [0673 1331 2429]: "Firmly Uphold the Policy of 'Planning First, Price Second'--A Discussion With Comrade Song Yangyan [1345 7402 8827]"]

[Text] We have some difference of opinion with Comrade Song Yangyan concerning his views on "Planning First, Price Second" as presented in his article "A Brief Discussion on the Relationship Between the Law of Planning and the Law of Value" published in the JIAOXUE YU YANJIU No 2, 1979, and would like to discuss it with him.

I

Comrade Song Yangyan equated planning with the law of planning and price with the law of value in all respects. While agreeing with the policy of "planning first, price second," he irrelevantly or one-sidedly stressed the role of the law of planning and particularly pointed out: "Planning is only a kind of consciousness" and "price is a kind of objective being"; that "in understanding and handling their relationship, we cannot eliminate the demarcation between them, less still to reverse their relationship"; and that "insistence on the former as being the principal and the latter as the supplement, or the former first, the latter second" "is not necessarily appropriate."

Obviously, Comrade Song Yangyan has misinterpreted the idea behind the formulation of "planning first, price second."

The so-called "planning first, price second," from the standpoint of planned economy, refers to the question of the application of objective economic laws in the formulation and implementation of national economic planning. In other words, the first requisite is to comply with the requirements of the law of planning and at the same time consider the role of the law of value in working out national economic planning. Secondly, it is also necessary to work out rational prices according to the requirements of the

law of value and also by taking the role of the law of value into account in order that the prices of products (commodities) can help the planning to materialize.

Therefore, "planning first, price second" does not mean that the law of planning is primary and the law of price is secondary. There are close and inseparable relationships between planning and the law of planning, and between price and the law of value, but there are also differences between them and there should be no confusion. The "planning" of the law of planning refers to the objective need for planning to regulate social production under conditions of socialism. The "planning" used in "planning first" refers to the "work program" or "work arrangement" by people according to objective laws. The two are thus different from each other. Similarly, we cannot say that price is the law of value. According to the requirements of the law of value, the amount of commodity value is decided by the amount of socially necessary labor; value is the foundation of price, and price is the expression of value in monetary terms. Therefore, we cannot equate them with each other.

The relationship between "planning" and "price" as mentioned in "planning first, price second," does not involve the question of which is "being" and which is "consciousness." It goes without saying that "being determines consciousness" cannot be used to negate the formulation of "planning first, price second."

II

"Planning first, price second" correctly reflects the relationship between planning and price as well as the basic features of our economy--planned socialist economy as the guiding principle for organization and development of our national economy.

Planned economy must be practiced in socialist construction. This is an objective necessity. Therefore, Comrade Mao Zedong very highly regarded and strongly stressed the significance and role of planning, particularly "planning first."

Any large-scale socialized production objectively demands that a certain proportion be maintained between the means of production and labor power in various sectors of the national economy. This is exactly what Marx called the necessity of proportionate distribution of social labor which can never be abolished by any form of social production. However, it takes basically different ways to work out this "proportion" in different societies. A capitalist society based on the system of private ownership, "establishes a frequently disturbed balance through crises" in the competitions of anarchy. Socialist, unlike capitalist, production serves quite a different purpose: instead of the quest for profit, socialism aims at satisfying social needs. The establishment of the system of public ownership helps organize various sectors of the national economy into a united whole, and "thereafter, it will be possible to carry out socialist production according to prepared plans."

Planned economy is an economic system based on public ownership and related to socialism. Lenin said that planned economy demands unconditional and the strictest united will as the "guideline" for people's "common efforts"; that "this necessity is quite apparent from the technical, economic or historical point of view, and all people desiring to realize socialism should recognize this real socialist condition"; and that "socialism deserves to be so called only when construction is carried out according to a general and comprehensive plan in order to use economic resources in a rational manner."

Our country, with its vast area and "economic poverty and cultural blankness" is in urgent need of huge funds for accomplishing the Four Modernizations. It is under the dictatorship of the proletariat, and therefore would neither plunder other countries nor servilely rely on loans. Foreign aids and absorption of funds from outside sources cannot solve the basic problems. As Stalin pointed out, there is but one way, that is, reliance on our own accumulated funds. However, our productive forces are weak, the population is large, and consumption is high, while the accumulation of funds cannot be much or fast enough. Therefore, we have to carry out "careful calculation and meticulous budgeting," "vigorously practice economy" and make good use of funds in every possible way, and it would be unthinkable to be without a centralized and unified plan. Planned development of national economy is even more important to such a country as ours.

How shall we formulate our plans so that they will be realistic, practical and effective? Comrade Song Yangyin held that the plans should be worked out according to the price. He said: "The task of planning is merely to define price and its role in terms of plans after mature deliberation and then to use them in practice." Also, Comrade Song Yangyin held that prices should follow the conditions of supply and demand which are like "the rising and ebbing of tides." In other words, plans should change "like tides." Such plans can neither exist nor remain; because it means the abolition or abandonment of plans. Some comrades also held that plans are merely worked out as demanded by the law of planning. This view is not exactly correct. According to the conditions in our country, it is necessary to meet the demands of the law of planning and at the same time consider the role of the law of value in formulating national economic plans. This is because although the system of public ownership is now in force in our country, it is not an entirely socialist public ownership--the society owns all the means of production, but there are two types of ownership, namely, the state ownership and the collective ownership. At the same time, the exchange of commodities is still going on. Under such condition, there can be no law of planning; even if there is, its role cannot be given full scope. This law is born and plays its role along with the realization of the system of public ownership, and the extent and depth of its effects are decided by the development of productive force and the level of the system of public ownership. It can play its full role only when productive forces are highly developed and all means of production are owned by the society. The law of value is the law of commodity economy. Since

the commodity economy exists, the law of value will continue to function. Some comrades held that since the products transferred among state enterprises are not commodities, (I will reserve my disagreement on this point for later discussion) the law of value does not apply. We feel that since "transfers" are to be accounted for" under the principle of exchange (transfer) at "equal value" and so forth, the law of value does play its role no matter whether or not we consider or recognize them as commodities.

After all, the law of planning demands a planned and proportionate distribution of the society's means of production and labor power, while "the law of value determines the portion of total labor time at the society's disposal to be spent on the production of each particular commodity." Both laws play their regulatory roles in our national economy. Therefore, in working out plans, we must proceed from this reality.

III

Comrade Song Yangyin felt that "planning" is "transformed" through the development of commodity economy. Therefore, between the regulatory roles of the law of planning and the law of value, we cannot say which is the principal and which is the supplementary one, and from this, he drew the conclusion that the so-called "theory of instrument" (the law of value as the "instrument" of planning) and the "theory of supplement" (the regulation by price as a supplement to the regulation by planning) "are not necessarily correct."

We have a different view from Comrade Song Yangyin's.

Like any objective law, the law of value is not "living" or "conscious." It plays a certain role under a certain condition and such questions as acting "blindly" "consciously" or "according to plan" do not practically arise. Such questions as whether people use the objective laws "consciously" or "unconsciously" according to or at variance with plans should not be treated as the essence of objective laws.

Our national economy is regulated by the laws of planning and value. However, their roles are not "half and half" or "half a catty to eight taels," because the entire national economy should first be arranged according to the law of planning. The role of the law of value is restricted by the roles of the basic socialist economic laws and the law of planning. The law of value demands that the total social labor time be proportionately distributed, and in a socialist society, this distribution is realized through planning when the law of planning functions. From the standpoint of the tendency and direction of developments, we can see that the gradual rising of the level of public ownership along with the development of productive forces will provide more, better and more favorable conditions for the law of planning to play its role. From the standpoint of current realities, we cannot first develop light industry--which calls for less investment with a quicker turnover and greater profits--and wait for greater accumulations before making suitable investments in agriculture and heavy industry.

This is the road which has been taken by many capitalist countries but not by us, because it does not suit our conditions. Of course, we cannot one-sidedly give priority to heavy industry to the exclusion of light industry and agriculture. This was the road taken by the Soviet Union during the period of industrialization, resulting in adverse effects on the people's livelihood and on the development of the whole national economy. It was a case of "more haste, less speed" as the saying goes. Therefore, it is still not the appropriate one. Our policy is what Comrade Mao Zedong pointed out in his "On the Ten Major Relationships" in which the priority order of agriculture-light industry-heavy industry was adopted for planning and distributing the means of production and labor power so that there would be balanced developments among various sectors.

First, more energy should be expended on developing light industry in order to meet people's needs, to bring prosperity to the market, to expand foreign trade, to accumulate more funds and to gain more foreign exchange in line with the policy of "using light industry to support heavy industry and using the short-range projects to develop the long-range ones." In the past, we did not fully recognize the importance of developing light industry. Now that we have learned our lesson from history and are more familiar with the role of the law of value, we must vigorously develop light industry. However, we cannot go from one extreme to another. If possible, we should at the same time duly develop our heavy industry. This is what the development of the entire national economy demands as well as a necessary means to speedily develop light industry. Otherwise, there cannot be new equipment in time for light industry which will then be unable to adopt advanced technology, to incessantly raise labor productivity, to improve the quality of products, to strengthen our power of competition in the international market, and thereby to maintain its own continual development.

We have a large population and a backward countryside. To feed nearly one-fifth of the world's total population is to us an important task. Agriculture is the foundation of our national economy. Therefore, we should plan to invest an appropriate amount in agriculture and the industrial sectors directly related to the modernization of agriculture. If we have to strengthen our national defense and to safeguard socialist construction, we must develop our national defense industry.

After all, our historical mission, the situation at home and abroad, and the needs of the Four Modernizations all demand that we must speedily set up our own independent economic system. From this, we can see that the leading role of the law of planning has a very definite and positive effect in regulating our national economy. In this case, we should not say that the so-called "theory of instrument" and the "supplement" can be in any way incorrect.

IV

On the problem of "price second."

Comrade Song Yangyin advocated the subservience of planning to price. This cannot be practical as I have mentioned above.

Furthermore, Comrade Song Yangyin held that there can be no "stable price" because "it cannot" and "should not remain stationary" and because the price "rises and falls like tides" and so forth, as decided by the value and according to supply and demand in the market.

As we understand, the price referred to in "price second" concerns planned price. The enforcement of price planning according to the principle of planned economy is of great significance in the development of production and the stability and gradual rise of the people's standard of living.

Only through price planning can there be stable prices. The so-called "stable price" is by no means a frozen commodity price which "remains immutable throughout eternity," because nobody could ever think that prices cannot change or cannot be changed. In fact, our commodity prices were not rational and had to be promptly adjusted simply because of the sabotage of Lin Biao and the "gang of four." However, the adjustment of commodity prices should be entirely different from the "rise and fall of tides" as advocated by Comrade Song Yangyin according to the price policy.

"Stable price" is entirely correct. This is a concrete proof of the superiority of socialism and an important factor to achieve stability and unity. In the old society, Chinese people suffered untold misery from currency inflation. The memory is still fresh in our minds and we are very sensitive to the question of commodity prices. The implementation of the policy of "the rise and fall of tides" will certainly affect the livelihood of tens of millions of people and cause serious damage.

The question of price concerns many sectors, so the "rise and fall of tides" naturally involves many spheres and causes a chain reaction. Its continued development will weaken and ultimately eliminate socialist planned economy in practice.

Comrade Song Yangyin said that the fluctuation of prices like "the rise and fall of tides" would not lead to currency inflation for the reason that since "the commodity price will fall along with the rise of labor productivity," "therefore, the general tendency of the change of social commodity prices should not be upward, but downward." This analysis sounds logical. However, instead of inferring from only a definition, we should proceed from reality, which is by no means that simple. Generally speaking, the rise of labor productivity cannot be very fast and high, but wages (including bonus and so forth) must be increased and accumulation appropriately raised. Therefore, the rise of labor productivity cannot certainly bring

about the lowering of prices. Besides, because products are not plentiful, consumption should be controlled, and the contradiction of "shortage of supply for the demand" will remain for a long time. If there is no plan for regulation and no planned price, there can be only two different results: First, prices can only rise "like the tide" but not ebb "like the tide"; Secondly, there will be a constant shifting of the social means of production and labor power in order to suit the changing market conditions. This will bring about severe waste and is obviously impractical for us.

Marx called price the "barometer" and "regulator" of the market. He was only referring to the capitalist system, but did not (and could not) assert that it would be the same under the socialist system. Therefore, the policy of "stable price" cannot be negated or replaced with one under which prices will "rise and fall like tides." This reason should be self-evident.

Comrade Song Yangyin pointed out that prices should be fixed according to value and the law of value. This is correct. The practice of exchange at equal value will enable various sectors to enjoy basically equal advantages in production and will help promote production. But this cannot be absolute. We must consider the requirements of the law of planning in order that the prices can be helpful to the realization of planning. To translate planning into reality, it is necessary that for certain products (commodities) the price should deviate a little from their value. For example, the products urgently needed and in short supply can be priced above their value, and those not required by the vast majority of people, that is, the so-called "high grade consumer goods" should be sold at a high price; while some relatively "surplus" products can be sold below the value and the sale of some daily necessities for the people now priced below the value and not easily regulated immediately can be continued at the same low price, and so forth. After all, it will be practicable and correct as long as the society's general price corresponds to, or approaches, the general value.

Our national economy develops according to plan. We work out rational prices in order to promote production and help realize our plans. In this sense, what Comrade Mao Zedong said about "price second" is entirely correct.

V

Judging from the basic conditions in our country during the past 30 years, we can see that our defects and mistakes were caused not mainly by the excessive stress of "planning first." Quite to the contrary, it was our failure to uphold "planning first" that brought about the imbalance of our national economy and hindered its rapid development.

Comrade Song Yangyin attributed the main existing problems to "over-tight" and "over-rigid" restrictions. This does not correspond to facts. It is true that the restriction of planning was "over-tight" and "over-rigid," but this was only one of the causes and not the main cause, the main

current, or the essential factor. In fact, our planning was neither strict nor tight and far less centralized. Instead of being too "rigid," it was too "loose." Apart from the First Five-Year Plan and the 3 years of readjustment, the plans in the other several five-year plans were revised time and again. In some cases, some plans were not even determined after the 5 years. The annual plans were even more unstable. Many plans, regardless of which type, were "revised" soon after being relayed to the lower levels and before they were carried out, and others were even revised before being relayed to the lower levels. The plans had to be revised simply because the leading cadres said so; because some leaders had new ideas; or because a certain "chief" had signed a slip authorizing the revision.... As a result, people talked about plans every day and every month, and yet nothing was actually planned. As some people said, "Plans cannot catch up with the changes."

It was also not uncommon for departments not to carry out plans, or to carry them out only half-heartedly. They could even change the plans at will, or simply stop work and suspend production. Then how could we speak of real planning? Plans should be adjusted in time, based on reality and relatively stable. If plans are frequently changed because of hesitation, they are after all only "drafts." Then how can there be any planned arrangement or national economic development to speak of!

Besides the lack of really centralized, practical and strict planning, the many rather serious problems in our economic work can be attributed to several other main causes:

1. The absence, or lack of a pay according to work system suitable for planned economy. Even though there is the principle of paying according to work, there is no concrete and practical system or method for the various departments to translate it into action. Therefore, when the time comes for evaluation for reward or promotion, the matter can only be referred to mass discussion. Because of the lack of a specific criterion and of the difference of opinions, the leadership invariably had to settle it with the use of the "gavel" resulting in general dissatisfaction among the masses and predicament for the leadership. Mass enthusiasm is thus dampened.
2. The absence, or lack of a strict management system of legal code, or decree, consistent with planned economy. In our factories, mines and enterprises, there are many instances of sections being without responsible persons and losses without being investigated, not to speak of the failure to carry out plans.
3. The absence or lack of a democratic system consistent with planned economy. Engels said that collective economy meant the direct participation of all members in business operation according to a general social plan. Apparently, we have not been able to accomplish this.

4. The absence or lack of a cadre system or laws which are consistent with planned economy. This problem is rather serious. We do not feel that a cadre's technical or professional ignorance can constitute any serious problem, because leadership and management require no "technical expertise." If necessary, it would not be difficult for them to learn and gain some basic knowledge. The serious problem with cadres is the ideological rigidity, or semi-rigidity of some people who cannot accept the effective supervision of the masses. Among some cadres, such ideas as special privileges, personal comfort and enjoyment, conservatism, the lack of any desire for advancement, and thinking of nothing else except to hang on to their present jobs, have become prevalent, apart from the patriarchal work style and "blind commandism" from the ignorant who pretend to be knowledgeable. Merely reliance on ideological education is not enough for a fundamental solution of these problems. Instead, there should be adequate policies, decrees, laws and other concrete measures.

To speed up the development of national economy, it is necessary to "transfer power to the lower levels." However, unless the above mentioned problems are solved, there cannot be a relatively centralized and united plan, so that even though the "transfer of power to the lower levels" and such policies as "market economy," "free pricing" and "rise and fall like tides" are carried out, the result may still be unsuccessful. If things are not well managed, there will be not only lack of improvement of production but also other serious problems. For example, is there any guarantee that some people now possessing more and greater power will not regard the enterprises under their management as their "private property" or their faction's property" or turning them into large or small "independent kingdoms"?

Turning to the problem of "market economy," we can say that in our country, this can be carried out to a certain extent and within certain limits as a supplement to planned economy instead of being an independent system. Therefore, the so-called "combination of planned economy and market economy" is not feasible. At least, it calls for further discussion, study and deliberation.

We also hold that structural reform and the conscious application of the law of value in business management are very important. However, we must be very cautious in carrying out any reform and can never afford to be hasty. Structural reform is not only a problem of how to consciously apply the law of value or a problem of mere economic management; it concerns a much larger field. No matter how the reform will be carried out, planned economy must not be weakened. We can never belittle the role of the law of planning or be without a centralized and united plan. We must not fail to uphold the policy of "planning first." Our practice in the past 30 years has proved that whenever we conscientiously upheld this policy, the national economy developed rapidly. Conversely, the development would be slow, stationary, or even backsliding. In the First Five-Year Plan, the planning was good and relatively centralized and united, and could be efficiently implemented as shown by the rapid industrial and agricultural

developments. Industry increased by 8 percent and agriculture by 4.5 percent every consecutive year. Later because of the "communist wind," all the plans were negated and production suffered greatly. In the 3 years of readjustment, the national economy was rearranged according to a centralized and unified plan. It was efficiently carried out and production rapidly recovered. After 1966, however, because of the frantic sabotage by Lin Biao and the "gang of four," the plans were practically abolished and national economy was at a standstill or went backward. Therefore, in attempting to accelerate the Four Modernizations, we must uphold the policy of "planning first."

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NATIONAL ECONOMIC POLICY

FURTHER STUDY OF LAW OF VALUE URGED

Beijing JIAOXUE YU YANJIU [TEACHING AND RESEARCH] in Chinese No 4, 30 Jul 79
pp 52-59

[Article by Liu Enzhao [0491 1869 6856]: "Recognizing Anew the Law of Value"]

[Text] Economic laws must be recognized in order to work according to the objective economic laws. Under conditions of socialism, the products of enterprises under the system of ownership by the whole people are still commodities, and the relationship between these enterprises is also commodity relationship. Therefore, in a planned management of socialist economy, it is particularly necessary that we recognize and utilize the law of value. In view of the relative complexity of this question and the difference of opinions in the theoretical circle, we are thinking of tracing this problem to its very sources, clarifying as best as we can some basic principles in the light of realities and probing further into the role of the law of value.

I

As everyone knows, the law of value is the law of commodity production. As long as commodity production remains, the law of value will continue to function. Generally speaking, the law of value implies the determination of commodity value by the amount of socially necessary labor and the exchange of commodities on the basis of equal value. The so-called socially necessary labor is "the labor time socially necessary that is required to produce an article under normal conditions of production, and with the average degree of skill and intensity prevalent at the time." ("Collected Works of Marx and Engels," Vol 23, p 52) Since the subjective and objective conditions of production among different enterprises producing the same use value are different, the amounts of labor time are also somewhat different. An enterprise with better conditions of production spends less labor time, while one with poor conditions of production has to spend more. However, the amount of commodity value is not decided by the length of labor time spent by different specific enterprises, but by the length of socially necessary labor time.

The role of the law of value in this respect is played through competition among different enterprises of the same sector and through the contradictions between the specific labor and the socially necessary labor among different enterprises producing the same use value. This is one aspect of the role of the law of value.

Another aspect of the role of the law of value is that "not only is no more than the necessary labor time used up for each specific commodity, but only the necessary proportional quantity of the total social labor time is used up in the various groups." If an excessive amount of the total social labor is distributed to a sector so that the production of excessive commodities will upset the balance of supply and demand in the market, this commodity can be "sold solely as if it has been produced in the necessary proportion." The excess portion, even though produced with an amount of labor corresponding to socially necessary labor, cannot be sold and is simply wasted. Marx called the objective requirement by the proportionate distribution of socially necessary time among different sectors of social production "a more developed expression of the law of value in general." (Ibid, Vol 25, p 717)

For individual enterprises of different sectors, the objective process of the role played by the law of value serves as an objective coercive measure to maintain the balance of supply and demand, to control severe price fluctuations and the free shifting of funds. If a sector producing certain use value uses more social labor than socially necessary, the supply of this commodity will exceed the demand, the price will fall, and the value of the product as decided by the socially necessary labor cannot be completely realized. The various enterprises of this sector will gain less or no profit, or may even suffer loss. If a sector operates the opposite way, the enterprises will make more profit. Thus this forces the individual capitalists operating in different sectors to transfer capital from the former to the latter sector. Through these withdrawals and transfers of capital funds in competition, different sectors engaged in social production will in general result in equal profits for equal capital investments and then the regulation of proportionate distribution of social labor among different sectors.

The two roles of the law of value mentioned above are in fact not mutually isolated. On the contrary, they are mutually related and influenced. An understanding of this interrelationship is vital to the understanding of the law of value. The problem is that competition among different enterprises within the same sector compels them to adopt advanced technology and equipment and to improve their business management. The result is a continual reduction of the socially necessary labor required for the production of commodity, the reduction of prices and finally a temporary imbalance between different sectors which will again make different profits. A new competition and redistribution of labor among different sectors ensue.

Then how will the law of value play its role in socialist planned economy? We plan to further probe into the above two aspects and their interrelationship.

II

In socialist economics, this is how the law of value plays its role on various enterprises within the same sector: Regardless of the different amounts of labor used in different enterprises, the law of value only recognizes that value which is equivalent to what is decided by the socially necessary labor and demands that this value be realized through exchange. And that is all there is to it. The law of value by no means reflects the different characters of social production. In other words, regardless of the differences of commodity production by slave owners, feudal lords or capitalists, its demand cannot be changed. The only change is in the form of exploitation of different characters. For example, we may mention the change from rent in kind under feudal exploitation to rent in money form; and the change of surplus labor of workers under capitalist exploitation into surplus value. At the same time, the role of the law of value generally cannot alter the composition of commodity value; that is, it cannot change the ratio between materialized labor and living labor, or between necessary labor and surplus labor in commodity value. It only demands that the socially necessary labor determines commodity value and the realization of commodity value with exchange at equal value. That is why it is said that the law of value, like commodity production, serves various societies in history. Since socialist commodity value included the value created by the working people for the society, this portion of value, when realized, will become the income, or clear profit, of socialist enterprises. Socialist profit is the source of socialist accumulation and expanded reproduction for the improvement of people's livelihood. Therefore, judging from either the demand of the law of value or the result of the role played by this law, we can see no contradiction whatsoever between it and the socialist economic system and instead, only its identity with the basic socialist economic laws. Therefore, it also serves socialism.

Judging from the process of the role of the law of value in different enterprises within the same sector, we can see that the socially necessary labor which determines the same use value is itself objectively determined through comparisons of different amounts of labor in different enterprises and their mutual competition. How can this be recognized in socialist economy? Some people feel that socialist production and exchange should be exactly as planned. Suppose, according to this theory, a certain quantity of use value is produced as planned and with direct state allocation or according to a unified and fixed planned price for "unified purchasing and marketing." As proved in practice, conditions of production in different enterprises, either subjective or objective, cannot be the same. It follows that the labor required by different enterprises to produce the same use value cannot be the same. Under such conditions, how can fixed and unified prices correctly reflect socially necessary labor? Some people said that if the

price includes the "average cost" and a certain profit margin, it should be able to generally reflect the socially necessary labor and produce the effect of inspiring the advanced and spurring on the backward units. This view or method sounds reasonable, but cannot be worked out in practice. Even leaving aside its many complex elements and confining our discussion on this method of pricing, we will not be able to make it conform to objective reality. Even though it may for a while succeed, it will certainly cause excessive consumption of labor, and the individual enterprises, whose cost of production is higher than the "average cost" will get less or no profit and even suffer loss. Then what should be done particularly for those enterprises which are suffering excessive losses and are for the time being unable to turn their losses into profits? Under such circumstances, according to the law of value, some objective coercive force will be created, demanding state subsidy. Since these enterprises are producing according to state plans, they cannot be simply eliminated. If they have to continue production, the only way to help is to subsidize them so that their products' value could generally correspond to what is determined by the socially necessary labor. If these products are from enterprises with inferior conditions of production and these products are urgently needed by society, the subsidy is even more necessary. If the state does not subsidize them, they still need not worry, because they can find some way to sell them at a higher price. As the saying goes, "emperors' daughters need not worry about becoming old maids." Marx said long ago that when a certain commodity needed by the society is excluded from competition, the socially necessary labor will no longer be determined by the average or general, but by inferior conditions of production. All these are caused by the effects of the law of value. Here, it must be conceded that the law of value has to play a regulatory role in protecting the backward units only because of human intercession.

This shows that in socialist economy where commodity production exists, the attempt to use an overall and direct planning device to control the specific production and circulation processes would simply be a waste of effort, because finally, they have to be controlled by the law of value and even to accept such control blindly. Therefore, the so-called utilization of the law of value through "average cost" can only be idle theorizing.

Now let us turn to another supposition. If the scope of planned management is considered the main component of the national economy and if some economic lever can be used to guide the specific processes of production and circulation, then it can be assumed that the individual enterprises producing certain use value will enjoy certain independence in expanding or curtailing the scope of production or in regulating the rise and fall of prices. In this case, the enterprises will be more genuinely concerned with market demand and prices. Then by meeting market demands and through certain price changes, the socially necessary labor will become an objective being. Under such conditions, the advanced enterprises adopting new technology and under efficient management will gain excessive profits while those under poor management with low labor productivity, and requiring

more than socially necessary labor, cannot expect any state subsidy in case they sustain losses. These enterprises can either radically improve their business management and attempt to catch up with the advanced enterprises, or be eliminated in the economic process. Since social needs have already been met by the well managed and well equipped enterprises in their competition with one another, there can be no more objective basis or justification for subsidy. Nobody wants expensive products with poor quality. This will be a really effective way to inspire the advanced and spur the backward units. If this process is carried out under the guidance of the state's general plan, then it can be said that the law of value is being truly and consciously utilized.

The important result of the role of the law of value among enterprises of the same sector is its encouragement to the enterprises to continue the improvement of the business management, to actively trial-produce new products and to adopt new techniques. Political calls are not enough for this purpose even though the necessary economic conditions are provided. The enterprises must have to feel an economic urge to do so, and the urge can only be produced by the law of value. This should be an important indication of whether or not an enterprise is utilizing the law of value.

If the former method is used, not only those enterprises regularly relying on subsidies, particularly the backward ones, but also the ordinary and even the advanced enterprises may lose their enthusiasm in improving business management or adopting new technology, because they can all get adequate profit nevertheless. Furthermore, when prices are fixed for a long time, the older the products, the more profit will they bring. It should be noted that this situation is also subject to the law of value, because, in this case, the socially necessary labor is determined by inferior conditions which have been "solidified" according to plan. Under these circumstances, who would be willing to expend their energy in trial-producing new products and adopting new techniques? By this time, even though profits may be relatively sensitive in reflecting the level of business management, this reflection is only confined to the outward appearance and cannot serve the real purpose.

We must recognize this as an important problem. The slow economic development, the small output of new products, and the technological backwardness of some socialist countries are apparently and closely related to their failure to recognize and utilize the law of value. Even though advanced technology may be imported, it would still be difficult for the new technology to take roots when the enterprises are completely and strictly managed according to fixed plans. Thus before long, the advanced technology will no longer be advanced, and the only way out is to import again, forming a so-called "cycle of importing." Then these enterprises can only lag behind the advanced countries all the time. While we are faced with the urgent task of the Four Modernizations, we must sum up these experiences and draw our lessons from them in order to improve our system of planned management, correctly recognize and utilize the role of the law of value to accelerate the vigorous development of our economy and technology.

In order to correctly recognize the role of the law of value in this respect, we must eliminate a misconception formed over a long period of time, namely, the misconception of the way in which the superiority of the socialist planned economy is manifested. Ordinary people would mention the absence of bankruptcy and unemployment. If they attribute this to the ability of socialist countries to make overall arrangements in a planned way, they are right, because this is true. However, many people do not understand it and consider this as the result of "restricting" the law of value, as though the more "restrictions" (in fact, violations) of the law of value there are, the greater will be the scope of the superiority of socialism. In fact, if this is because of the "restriction" of the law of value, then opposition to the elimination of backward enterprises and the reduction of surplus personnel should also be a "restriction" of the role of the law of value which encourages the enterprises to improve their management and to adopt new technology. There are two sides to a problem and we cannot take just one side and neglect the other. The result of this "restriction" (together with the "restriction" on distribution according to work) will certainly lead to what people usually call "eating out of the same pot," "having an iron rice bowl," and so forth. The sabotage by Lin Biao and the "gang of four" has brought about the malignant development of a situation in which profit or loss and good or bad work make no difference. It is true that there is no bankruptcy or unemployment now, but the vitality of socialist economy has been strangled and the national economy brought to the brink of collapse. Instead of an indication of the superiority of socialism, this is the punishment for the violation of economic laws.

To utilize the law of value, there should be some form of emulation. At the very mention of emulation, some people may conjure up the picture of anarchy in socialist production just as it would be among capitalist enterprises. In fact, this is wrong. The anarchy in capitalist production has its roots in the basic contradictions of capitalism, while emulation among socialist enterprises is generally well planned. Although there may be many complex factors which cannot be enumerated here, it is clear that emulation is not necessarily inherently related to anarchy in enterprise production. Furthermore, socialist emulation is basically different from capitalist competition.

To recognize the role of the law of value in this respect, we must first recognize the role and its scope in emulation. From the standpoint of the law of value, the scope of the role is to guard against the failure of supply to meet demand and against the determination of socially necessary labor by inferior conditions of production.

After all, it is necessary to maintain a harmonious balance in national economy so that it will develop according to proportionate planning and also force the enterprises to actively improve their business management, to adopt new technology as demanded by the law of value, and thus to give full scope to the superiority of planned socialist economy.

III

The proportionate distribution of total social labor as demanded by the law of value, among different sectors of social production will enable them to produce the use value needed by society. This is another important aspect of the role of the law of value. In socialist economy, this role is identical with that of the law of planning.

This type of identity is first expressed in their common demand for proportionate development of social production and their objective basis for the proportionate distribution of labor, all for the purpose of insuring the supply of the necessary amount of use value by the different sectors. The law of planning demands the supply of proportionate use value in order to resolve the contradictions between production and demand among different sectors in the course of reproduction and to bring about a balance of production, supply and marketing. The law of value demands the proportionate distribution of social labor, because the distributed labor "must be sufficient to meet social needs. The scope here is determined by the use value. Under certain conditions of production, the society can only spare such a portion of total labor time on such production." ("Das Kapital," Vol 3, pp 830-831) Furthermore, the demands for proportionate distribution of social labor by these two laws are based on existing objective needs and this distribution is invented for serving the smooth development of production.

Then, in socialist planned economy, will the role of the law of value in this respect be replaced by that of the law of planning? Before discussing this question, it is necessary to review some relevant Marxist theses.

As everyone knows, in his letter to Ludwig Kugelmann dated 11 July 1868, Marx said: "The volume of products corresponding to the different needs requires different and quantitatively determined amounts of the total labor in society. That this necessity of the distribution of social labor in definite proportions cannot possibly be done away with by a particular form of social production but can only change the mode of its appearance, is self-evident." The "mode of its appearance" here, in the opinion of most people, according to commodity economy in history refers to the law of value; in socialist society, it refers to the law of planning. This opinion is generally correct. However, Marx envisaged a socialist society in which the relationship between commodity and money does not exist. When this relationship remains in the present stage of socialist society, what will happen if the law of value still plays its role? On this question, some people are so obsessed with Marxist theses that they come to a wrong conclusion. In their opinion, planning can probably replace the law of value, or at least weaken this role in this respect. This mistake was compounded by another passage from a Marxist statement which reads: "It is only where production is under the actual, predetermining control of society that the latter established a relation between the volume of social labor time applied in producing definite articles, and the volume of the

social want to be satisfied by these articles." ("Das Kapital," Vol 3, p 215) Therefore, though some people know of the existence of both commodity production and the law of value, they still try every way to emphasize the role of planning in an attempt to "establish" a directly planned "relationship" between production and demand. This is probably the theoretical basis for certain measures--which are divorced from reality--such as setting production targets from above downward, the so-called "plans for material supply" and "unified purchasing and marketing" emerging in socialist planned economy.

In both theory and practice, these questions are fairly complex and should be discussed thoroughly. What should be particularly pointed out is that the above views and methods are, fundamentally speaking, separated from the special features of socialist economic relations. Although an economic system with the system of public ownership of the means of production as its foundation has been established in a socialist society, this economic system is different from that of communism in a highly developed stage. Its special feature is commodity production in a foundation of public ownership, exchange at equal value, distribution according to work and consumption regulated by these special features. Therefore, if we disregard the law of value and try to "establish" a directly planned "relationship" between production and demand, we will inevitably commit subjective errors in planned management.

There seems to be only one correct path, and that is the full use of the law of value in the main sphere of national economy, while at the same time carrying out a planned regulation (and the law of value should be used for this kind of regulation too) of the main proportions. Only thus can the proportion between various sectors be maintained and the smooth progress of reproduction be preserved.

The process of the role of the law of value among different sectors, as mentioned above, is to realize the proportionate distribution of social labor among different sectors through pricing, changes in the supply-demand relationship, and the free shifting of funds.

A high regard for the changes in the supply-demand relationship and permitting certain price fluctuation and fund shifting are the key factors for understanding and recognizing the regulatory role of the law of value on the proportionate distribution of social labor among different sectors. However, many people want to distribute labor among different sectors through direct and overall planning. Although there may be certain merits in this method, such achievement cannot be much while the problems will be many, from the fundamental point of view.

If we will take a broader view of the situation, we can see that for many years, we have expended a lot of energy trying to harmonize the proportion between industry and agriculture, and our planned targets were quite clear and specific. However, because we did not make effective use of the law

of value, the prices of some agricultural products were rather low and were not enough to compensate the expenditure of labor. Therefore, the peasants' enthusiasm could not be aroused and it was difficult to plan production. This is one of the important reasons why agricultural development failed to meet the demand. Under such conditions, the so-called production output targets and plans for planting did not produce much effect. Finally, we had to raise the prices of agricultural products, as everybody should know by now.

And what shall we do with socialist state-run enterprises? In the past, when people criticized the law of value as the cause of spontaneous capitalism, this fact was cited: to gain more profits, some enterprises usually disregarded state plans handed down to the enterprises for output and variety targets and privately changed the orientation of production in order to produce more expensive and profitable items. These products were not as a rule urgently needed in the society. As a natural result, there was stockpiling. On the other hand, the enterprises were unwilling to produce some items urgently needed in society simply because they could not bring much profit from the low prices. There was then a shortage of supply and social wants could not be satisfied. It is true that the regulatory role of the law of value brought about this situation. But the shift of the orientation of production is essentially the shift of funds which leads to a change in the distribution of labor among different sectors. Yet we would be turning things upside down if we say that this situation is brought about by the spontaneity of the law of value in conflict with planning, because this is rather a sign of the violation of the law of value in the planning of targets, or the lack of insight in the planning of certain links. The charge that this is a capitalist tendency is even more groundless. Here, the law of value only demonstrates its objectiveness. People, after a casual look at its outward appearance, may propose a simple method to resolve this contradiction: If the prices of products urgently needed by the society are raised to bring in more profit, the problem will be solved. And some people have actually intended to adopt this method of solution, because this means the utilization of the regulatory role of the law of value. (Some people even proposed putting politics in command as a method of solution. This is impracticable. It is true that putting politics in command is always necessary, but we cannot use it as a means to violate objective economic laws.) Yet after careful thoughts, this method is still unworkable, because if only the specifications of products and the index of value are given to the enterprises together with the fixed planned prices, then no matter how meticulous the planning may be, some discrepancy between the high-priced and profitable products on the one hand and the low-priced and less profitable products on the other are always unavoidable. Thus, despite the many efforts expended, the problem remains unsolved. Some enterprises will continue to produce high-priced and profitable items even though they have to privately change the orientation of production and shift their funds on small scales but frequent occasions. Practice in many years, as mentioned above, has proved that no matter how minute the formulation of plans for centralization and unification may be, and how strict

the demands are, the law of value will continue to regulate the distribution of labor among different sectors and the funds also will continue to shift among different sectors in the forms of expanded or curtailed production, or by changing the orientation of production. This type of planning can only cause waste of manpower and materials and create obstacles in the smooth development of economy, while the law of value, on the other hand, can overcome all these obstacles and, if necessary, assert itself as a coercive measure.

From this, we can see that when we propose that certain freedom of fund shift be permitted in order to utilize the law of value in a planned way, we are not putting forth any new theory, but merely asking that our action be guided by realities and that the objective economic laws be respected.

If, under planned guidance, we have certain freedom for the variation of prices and the shifting of funds as a means to adjust the imbalance between supply and demand and to regulate the distribution of labor among different sectors, we will be able to not only overcome in time any imbalance in the national economy but also arouse the enthusiasm of thousands and tens of thousands of workers and staff members to improve the enterprises' business management and promote the development of new technology. The advantages of this method are: (1) This brings production and demand into direct contact which is in keeping with not only the general laws governing the relationship between production and consumption, but also with the socialist basic economic laws. Thus it can more effectively serve the development of socialist production as a motive force. (2) This permits certain freedom for the shifting of funds and the expansion or curtailment of production, and promptly helps overcome any temporary imbalance as well as encourage proportionate development. (3) Allowance of price fluctuation can reflect the changes in the supply-demand relationship and provide the signal for planned measures to restore the supply-demand balance. If a seriously short supply of any product is detected, the state will know where to invest. (4) As everyone knows, there is certain elasticity in both supply and demand. Under many conditions, they can help each other. Provided there is not too much disparity in the distribution of social labor, then even though supply exceeds demand and price reduction is permitted, the different enterprises in this sector can still raise labor productivity and reduce production costs through improved management and adoption of new technology and other methods to meet this situation. When, on the other hand, the demand for a certain commodity exceeds the supply, and increase of price is permitted, the enterprises with better conditions of production in this sector can actively tap potentials, increase production and objectively check the excessive increase of price and maintain a general balance.

We must not fail to note that even though the free shifting of funds is permitted, big shifts at a certain level of productive forces, such as those necessitated by large-scale important construction projects, will be beyond the capability of enterprises or ordinary sectors. Marx already said that this point had already been proved by the appearance of

corporations in highly developed capitalist countries. Therefore, we can imagine that while the shift of funds involved in small-scale expansion or curtailment of production can be handled by the sectors or enterprises concerned, the major basic undertakings for production and demand should still be directly regulated by the state in a planned way, such as by carrying out big construction projects which can help improve the main proportional relationships in national economy and provide more favorable conditions for different sectors and enterprises to improve their production techniques and to harmonize their proportionate developments.

The scope of freedom in pricing is another matter. Generally speaking, as long as it can provide the orientation for labor distribution for planning purpose, the state will then be able to provide timely support, encouragement and favorable conditions for promoting suitable expansion or curtailment of production of the items concerned in order to arrive at a balance between production and demand and to prevent severe fluctuations and blind expansion or curtailment of production. According to the law of value, since the value of unit products continues to fall along with the rise of labor productivity, prices, based on either production cost or value, should generally tend to fall under normal conditions. If, therefore, we permit certain free variation of prices, it would be objectively impossible for the prices to skyrocket or to maintain their rise over a long period. On the contrary, it will provide an even more flexible and sensitive means for lowering prices. This is nothing to be feared at all. At the very mention of free pricing, however, people usually recall the skyrocketing of prices in old China and the continual price hikes in capitalist countries. In fact, these phenomena of old China and the capitalist countries were caused by currency inflation instead of production development. After all, this is a contradiction of the capitalist system, and we cannot take it as an analogy.

In real life, of course, some unexpected situation can always arise. After abandoning an established price, skyrocketing or nose-diving of prices may occur. It must be understood that this is caused by the prolonged irrational pricing with no regard for the supply-demand relationship and covering up imbalances in production. Therefore, as soon as the restriction is lifted, things will run wild, resulting in severe rises and falls. If free pricing is practiced gradually and over a long period in order that it will keep pace with production and a balanced supply and demand, such a chaotic situation will not arise. This shows that the use of fixed prices to separate production from supply and demand or the use of prices to control supply and demand over a long period are not good methods, because they irrationally cover up imbalances in production and violate the objective laws. We have on many occasions learned our lessons in this respect.

IV

The roles of the law of value in a sector and between sectors are inter-related, mutually influenced and interwoven into one. This is the source of its vitality. Generally speaking, the role of the law of value on the enterprises within the same sector is the main aspect. The result of the role here gives rise to contradictions in labor among different enterprises of different sectors. Through comparisons and competitions, the socially necessary labor is formed to inspire the advanced and to eliminate the backward, as well as to encourage the enterprises to improve their business management, adopt advanced technology, raise labor productivity, reduce productive consumption, and thus continually reduce labor or the socially necessary labor for unit products in all sectors. This will cause changes in the proportion of distribution of labor among different sectors, reflect the price fluctuations according to the changes in the supply-demand relationship, lead to corresponding shifts of funds, and regulate the proportionate distribution of labor among different sectors of social production. The proportionate distribution of labor among different sectors of social production is also a necessary condition for production and exchange according to the value decided by the amount of socially necessary labor. This condition also determines the formation of socially necessary labor in the first sense. The general tendency of the role of the law of value is toward the unity of the socially necessary labor in a sector and the socially necessary labor among different sectors.

From the two aspects of the role of this law and their interrelationship, the following points should be observed. (1) The role of the law of value inside a sector is the foundation. Through comparisons and competitions among different enterprises of the same sector, socially necessary labor in the first sense is formed. This form of socially necessary labor will continue to decrease along with the widespread improvement of business management and the adoption of new technology. This will then change the proportion of distribution of labor among different sectors, and objectively demand suitable changes through a readjustment of the proportion. Obviously, the way to suit this demand by the law of value, in the form of planning at least is a balance from below upward. If it is not arranged this way, the planned proportion will be divorced from the foundation of enterprise production, or cut off, like water, from its source. Even though such a plan may somehow work, it cannot guarantee the smooth progress of the enterprises' reproduction. Furthermore, it will bring difficulties and chaos to the reproduction of the enterprises, causing waste of manpower and material, and stifling the activism of the enterprises' workers and staff members. (2) The role of the law of value on different sectors has also its direct influence on the role within a sector. When the distribution of labor among sectors is proportionate, the socially necessary labor in the second sense will approach or coincide with the socially necessary labor in the first sense, and the value of the commodity will be basically realized. If the distribution of labor among different sectors is not proportionate and competition is restricted, there will be serious effects on production

and exchange within individual sectors. If set too high, the socially necessary labor will be decided by superior conditions of production, in which case, ordinary enterprises or enterprises with inferior conditions of production will be eliminated in large numbers, while the value of commodities produced by even the enterprises with better conditions of production may not be fully realized. Thus even the advanced enterprises will be penalized. On the other hand, if set too low, the socially necessary labor will be decided by inferior conditions of production in which case, ordinary enterprises or those with good production conditions will easily earn extra profits, while those with inferior conditions will also gain their profit. Then no one will be willing to improve the business management or adopt new techniques. As a result, there is no incentive for the advanced or prodding for the backward, but only protection for the backward. This shows that proportional relationship cannot be "solidified" or absolutized. We must readjust the distribution of labor among different sectors according to changing conditions and in good time. (3) The socially necessary labors embodied in the law of value in both the first and the second senses are formed and interrelated only through the sensitive reflection of price changes. Therefore, irrational efforts to fix prices as a means of controlling the supply-demand relationship will inevitably separate the socially necessary labors, sever the innate supply-demand relationship and cover up the imbalance. If this situation remains long, the imbalance will assume serious dimensions and eventually upset the entire national economic management. This must be avoided by all means. (4) The socially necessary labor in either the first or the second sense embodies the relations of commodity instead of merely a concept of quantity. Therefore, it can become an objective being and play its role after the test of practice in production and exchange. It cannot be discovered and determined by direct planning; and can only produce its useful effect under proper guidance. Therefore, the law of value can be given full play only after the study of market conditions, or the price regulations according to supply and demand, when the free shifting of funds is permitted for expanding or curtailing production.

From the above analysis, we can see that in our past planned economy, the law of value not only existed, but also played its role. It still functions through the zigzag price variations, changes in supply and demand, free shifts of funds and relatively covert and tortuous competitions as a coercive measure. This shows that in either theory or practice, our knowledge and use of the law of value has been very unrealistic. We must clearly understand the demands of the law of value and create the necessary conditions to give play to its role before we can go from the realm of necessity to the realm of freedom in the face of this law. Only thus can we get rid of our blindness and use this law in a planned way. Otherwise, what seems to be planned economy in appearance may be used to "restrict" the law of value. This is like checking the water flow in the Changjiang River--a plainly futile effort which may even cause a flood and bring harm to the people. We shall then be punished by the law of value for acting blindly.

The above is only concerned with the knowledge of the role of the law of value in socialist economy in a general way, and only slightly touches the question of planned management which is also an aspect of this law's function. There are undoubtedly many more complex problems requiring further discussion, and the reform of the economic management system should be subordinated to the needs of the current need for readjustment.

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NATIONAL ECONOMIC POLICY

PROPER USE OF BONUS SYSTEM URGED

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No 1, Feb 79 pp 36-38

[Article by Zhou Xiaohan [0719 2556 1383]: "Correctly Understand the Character of Bonus and Give Full Play to Its Role"]

[Text] Bonus is a form of remuneration for workers. At present, our country is adopting the policy of "time-wage as the principal and bonus as the supplementary" means of remuneration, and bonus thus becomes a supplementary income for workers. The time-wage in our country now is mainly monthly wages with established grades revised once in several years. The wage grades are based on the worker's length of service, technical skill and experience in production. Actually, the worker's labor potential is used as a criterion for the determination of his wage, and this system cannot correctly show the quality and quantity of labor actually spent on production and therefore does not suit the socialist principle of pay according to work. It has therefore to be supplemented by the bonus system. Essentially, the purpose of bonus is to reflect accurately and in time the changes in the workers' labor output to the society. Bonus is concerned with short-term labor. For example, bonus can change along with labor change in one month instead of waiting for such a long time as required for the change of a wage scale. What it attempts to find out is the kind of labor actually embodying social value. It can accurately reflect labor by keeping in close touch with labor changes. Bonus is not only a stethoscope for listening to the heart-beats, but also an instrument to speed up the "heart-beats" of labor. In a socialist society, the workers, as masters of the means of production, must eventually play their role in the distribution of production. Their contribution to society should also be duly accounted for during distribution. Only this can encourage the workers to show more concern and care for the labor of which they are the masters, and to make greater efforts in developing production. This form of bonus distribution is an important measure for improving socialist relations of production. It is not only a means of improving the workers' living conditions along with the development of production, but also an indispensable economic level for promoting socialist production. Besides embodying labor, bonus also plays an important role in production.

The ability of bonus to embody labor accurately mainly depends on its ability to accurately measure the workers' labor which embodies social value.

Labor, as we can see, is of two types: living labor and materialized labor.

Living labor takes place in the process of production and is actually calculated according to the general labor time (working time) and labor intensity. It lacks stability and can be easily influenced by many factors and cannot embody the actual social value. Therefore, it cannot accurately reflect the actual expenditure of effective labor. For example, on a job calling for equal labor intensity, different people may expend different amounts of labor within the same labor time. The labor time consumed and the amount of labor expended by workers may not be equal. Even though the amounts of labor expended by workers may be equal, the quantity and quality of social products embodied by the labor cannot be the same. Unscientific management, loose organization and irrational procedures in production may cause the waste of some living labor. Therefore, living labor, if used as a criterion for calculating bonus, cannot accurately reflect labor changes, thus resulting in unfair distribution.

Materialized labor is the congelation of living labor and represents the result of labor which has already produced social value. It is stable and generally calculated in terms of the quantity and quality of products and consumption (including the saving in raw and semi-finished materials). Under conditions of commodity production, it stands for the social value created by workers in a certain time. Therefore by using materialized labor as a means of calculation, we can more reliably keep abreast of labor changes. According to the substance of distribution, what is distributed is "solidified" labor, but not living labor. It has a certain amount of value but does not represent the expenditure of labor. Therefore, we must not represent the expenditure of labor. Therefore, we must use materialized labor as the criterion of calculation in order to bring about the unity of distribution and production. If bonus is intended to embody labor, we must meticulously calculate the materialized labor expended by the workers and distribute bonuses accordingly. In accounting for the workers' labor time, an enterprise can combine the statistics of both living and materialized labor as the main component and use it as the main factor in conducting any survey on the workers' labor.

According to the results of investigations in some enterprises, the main obstacle to the role of bonus is that the computation of workers' labor has not been accurate. In such investigations, some enterprises could not distinguish living labor from materialized labor, and used the former as a basis for awarding bonuses. Most enterprises do not have an accurate knowledge of each worker's materialized labor index. There is no set target for labor or labor index for the workers. Therefore, there cannot be a direct link between bonus and labor. A certain plant in Nanjing has 42 production work shifts and teams, but only six of them could compile accurate statistics of the workers' labor. These shifts and teams accounted

for only 14 percent of the whole number, while the remaining 84 percent carried out their work with a "great flourish" and computed the labor in a comprehensive way. This is now a fairly common practice. Under such management, only the labor time (the rate of attendance) is used as a "hard" criterion for evaluation and commendation, while labor results are considered a "soft" criterion. Workers generally can fulfill the required attendance rate, but this cannot provide any really valid statistics on labor efficiency. To avoid contradictions among themselves, the workers simply adopted the method of equal distribution overtly, or in a disguised form, such as getting first-class rewards by turn. As a result, everyone "got his reward regardless of their labor quality or received the same amount regardless of their attitude toward work." Thus the essence of pay according to work disappeared from the bonus system. As some workers aptly put it, bonus has become a kind of "extra income." On top of this, the bonuses are subject to regulation previously set up for the proportionate distribution of bonuses which therefore cannot be decided by labor results. This further restricts the workers' enthusiasm.

On the other hand, a small number of plants adopted another method whereby the bonuses are directly linked with the workers' labor indice. This method produced much better results. In the molding section of Jinling [6855 7117] Rubber Plant, for instance, each worker has a definite quality target which serves as a criterion for the award of bonus. For example, for fulfilling his target, the worker is rewarded by a third-class prize; if the rate of substandard products is reduced by 30 percent, the worker will get a second-class prize; if reduced by 60 percent, he will get a first-class prize; if reduced by 85 percent, he will get 1 yuan in addition to the first-class prize; and if he does not turn out any substandard product at all for a month, he will get 2 yuans in addition to the first-class prize. These rewards are not subject to any regulation for proportionate distribution. The workers and staff members all know their goals, and will do everything possible to insure the quality of their own work. Thus without any basic change in the conditions of production, the quality of their "Liberation Shoes" was raised by 10 percent. In only 3 months, from August to October this year, they saved more than 20,000 yuan for the state.

There is a second factor with adverse effects on the role of bonus: the use of the bonus fund by the enterprise leadership as an administrative means. Some enterprises award bonuses not with labor as the sole criterion. Instead, there are many other conditions entirely unconnected with labor, such as political study, family planning, laundering in bathrooms, riding bicycles into the factory premises, and so forth. The leadership of some enterprises even use the bonus system as a means of punishing the workers as though this system can serve as a magic wand for enforcing the "superior's will." This method of carrying out the bonus system is entirely contrary to its spirit. Instead of arousing the workers' enthusiasm, it creates unnecessary ideological problems and impairs their initiative. To correct these mistakes, the management of enterprises must be governed by laws. They must set up a strict bonus system which must be fully honored. Evaluation for awards can only be based on the contribution of labor, and no other strings should be attached at will.

Finally, the bonus fund in enterprises is tied to the total wage fund. This is an obstacle to the role of bonus. Theoretically, the linking of the bonus fund with the total wage fund is unscientific and contradictory to the spirit of the bonus. Wage is the remuneration for regular labor, while bonus is a remuneration for extra labor. The wage fund is fixed, while the bonus fund is variable, and there is nothing in common between them. If both wage and bonus are used to serve the same purpose, it will be impossible to adjust the bonus fund accurately according to the change of labor. At present, the total bonus fund is limited to 12 percent of the total wage fund, and some enterprises even set the amount at 10 percent. Since the present wage level is low, being generally around 45 yuan, the bonus fund is necessarily small, and the labor change reflected by bonus is therefore limited to what is permitted by this small amount. If the required bonus fund turns out to be over the set limit, the purpose of bonus will be defeated. For example, in August, the workers of the Jinling Rubber Plant fulfilled all their targets, and the number of first-class prize winners was greatly increased. If they were to be rewarded according to the originally established rates, (4, 5 and 6 yuan) the total amount would exceed the allowed fund. In order that this fixed and inflexible limit would not be exceeded, the only way was to reduce each award by 0.5 yuan. As a result, the amount of bonuses actually paid turned out to be less than the originally small amount of bonus fund. Thus the workers' bonus became even less, although they had put out more labor. This led to general discontent.

Furthermore, the difference between grades is not much, being in all about 1 yuan. If a worker wants to get one grade higher, he will have to expend a lot more labor. Yet the grade differential is so small that it cannot accurately reflect the workers' additional efforts. This cannot induce the workers to strive for higher goals. As a result, the workers saw no reason to "work or die" because "the extra efforts make little difference."

The reflection of different labor qualities by bonuses should not be confined to individual workers. It should also apply to different groups. If all enterprises have fulfilled the economic targets set by the state, those who have achieved more above-quota outputs should receive more than those with less above-quota outputs. Now that all enterprises are getting 10 percent of the total wage fund, there can be no more difference of labor quality among enterprises. This likewise cannot induce the enterprises to be more concerned with the development of their production or to strive for the higher economic goals.

Therefore, it is improper to fix bonus funds as a proportion of the total wage funds. Bonuses should directly be linked with labor results. First, it should be linked with the economic results of enterprises. If an enterprise has gained the planned profit, it should receive the stipulated bonus. However, if their profit is higher than the planned level, the bonus fund should be correspondingly increased. Then bonuses will be linked with the labor results of workers, and the enterprises should distribute the bonuses

according to individual merits. As long as a worker fulfills the labor target, he should get the right amount of bonus without any previously set limits. Only thus can the workers' income be increased along with the development of production. Only thus can bonus play its role in promoting production and improving enterprise management.

9411

CSO: 4006

ECONOMIC PLANNING

HUNAN MUNICIPALITY RESOLVES TO SOLVE ECONOMIC PROBLEMS

Changsha Hunan Provincial Service in Mandarin 1100 GMT 19 Oct 79 HK

[Summary] Leading comrades and office cadres of the Zhuzhou Municipal Economics Committee have been spending the past few days studying and discussing Comrade Ye Jianying's National Day speech. On the basis of thoroughly appreciating its spiritual essence, they have put forward problems in 12 aspects which urgently need solution and formulated specific measures for dealing with them.

"These 12 problems put forward by the committee are as follows: 1. do well in shifting the focus of party work and move away from the viewpoint of taking the class struggle as the key link; 2. seriously implement the principle of carrying out readjustment, restructuring, rectification and improvement and change the situation of imbalance in the national economy; 3. carry out political work in combination with economic measures and change the situation of political work being out of line with economic work; 4. set up and put on a sound basis the system of division of labor with individual responsibility for factory managers, under the leadership of the party committee, and change the method of making no distinction between party and government and having the party committee monopolize everything; 5. vigorously grasp product quality and change the tendency to simply chase after output and value of output and pay no attention to quality; 6. combine planning regulation with market regulation, with the emphasis on the former, and actively develop market supplies, changing the present passive situation; 7. reorganize industry in accordance with the principle of coordination between specialized departments and change the backward enterprise organizational system of "large and complete" and "small and complete"; 8. strengthen economic accounting, pay attention to economic results and change the phenomenon of [words indistinct]; 9. implement the bonus system of distribution according to labor and more pay for more work and change the method of egalitarianism; 10. institute the economic contract system and change the phenomenon of producing products in a blind way and failing to coordinate production, supply and sales; 11. base all work on the existing enterprises and tap potentials and carry out innovations and improvements there, changing the mentality

of waiting for, relying on and demanding assistance from elsewhere;
12. vigorously develop enterprises under collective ownership and change the viewpoint of attaching much importance to enterprises owned by the whole people and little to enterprises owned by the collective."

To make these 12 changes as rapidly as possible and improve current economic work, the municipal economics committee leaders have gone down to the basic levels to help with their work and to promote the fulfillment and overfulfillment of this year's quotas.

CSO: 4006

ECONOMIC PLANNING

BRIEFS

ANHUI PROFITS CONFERENCE--The Anhui Provincial Revolutionary Committee recently held a conference in Huainan on stock-taking and auditing and turning losses into profits throughout the province. Guo Tixiang, vice chairman of the Anhui Provincial Revolutionary Committee, spoke. The participants seriously discussed stock-taking and auditing and turning losses into profits in Anhui since this year. They seriously analyzed the existing problems and pointed out that there are large stocks of rolled steel and capital construction material in the warehouses that have not been properly used. The conference made concrete plans for the future. It is necessary to strengthen the organizational leadership of stock-taking and auditing and the various units must speed their work. The stockpiled material must be delivered to production and construction units. By the end of this year, it is necessary to dispose of 50 percent of the stockpiled material. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 13 Sep 79 HK]

SHANDONG ECONOMIC ASSOCIATE OFFICE--Jinan Municipality, Zibo, Changwei and other prefectures of Shandong Province have set up economic associate offices. These offices were opened to resolve contradictions in mapping out plans, production, circulation and other links in the production chain in a timely manner through coordination of departments concerned. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 17 Sep 79 SK]

SHANGHAI ECONOMICS MEETINGS--Since 2 July five economics symposiums have been sponsored by the planning committee of the Shanghai Municipal Revolutionary Committee and the Shanghai Academy of Social Sciences. Over 100 leading comrades from various economic departments and economic theoretical workers in Shanghai attended. They analyzed Shanghai's economic problems and made suggestions on readjusting and restructuring Shanghai's economic system. They also presented proposals on how Shanghai's light industry can meet needs at home and abroad, how Shanghai's heavy industry can support light industry and how Shanghai's electrical industry can meet the need of economic development. They also reviewed Shanghai's employment situation, industrial planning, urban development, industrial pollution, communications, transportation, welfare programs and other issues. [Shanghai City Service in Mandarin 2300 GMT 19 Sep 79 OW]

SHANGHAI FACTORIES--With the approval of the State Economic Commission, the Ministry of Finance and the Shanghai Municipal Revolutionary Committee, 286 factories in Shanghai formally began to expand their right to make their own decisions on the trial basis on 14 September. Chen Jinhua, deputy secretary of the Shanghai Municipal Party Committee and vice chairman of the municipal revolutionary committee, spoke at a meeting held on 14 September. He called on workers and staff members of these factories to do a good job in the experiment and further strengthen quality control and economic accounting at the enterprises. [Shanghai City Service in Mandarin 0000 GMT 15 Sep 79 OW]

ZHEJIANG COMMERCIAL MEETING--At the recent Zhejiang Provincial Commerce Bureau directors meeting, the participants discussed the questions of how to do a better commercial job under the premise of adjusting the national economy. Since the beginning of this year, the volume of procurement of agricultural and sideline products has risen sharply. The number of pigs purchased was 2.15 million head more than in the corresponding period of 1978, showing an increase of over 60 percent. The procurement of pigs, oxen, sheep and other agricultural and sideline products in the first half of this year will increase an average of 28 yuan in income for each peasant household. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 5 Sep 79 OW]

CSO: 4006

GENERAL ECONOMIC INFORMATION

'GONGREN RIBAO' COMMENTS ON WANTING REPRESENTATIVE UNIONS

Beijing XINHUA in English 0240 GMT 10 Oct 79 OW

[Text] Beijing, October 10 (XINHUA)--Workers do not like "signboard trade unions"--is the heading of a group of readers' letters in today's WORKERS' DAILY.

"Trade Union Life" page carries an editor's note saying that the workers dislike nominal trade unions that did not speak out on their behalf. It asks workers to continue to send in their views and suggestions.

A worker of a pharmaceutical factory in Guangxi wrote that the workers never felt their trade union apart from its collecting union dues every month.

A Hubei stevedore said that his trade union had done nothing for the workers in the past few years. It should help workers carry out the four modernizations instead of being a signboard trade union, he said.

A lumberjack in Jilin Province recalled that before the cultural revolution their trade union was very active. He suggested a revival of old ways. The union should educate the workers and protect their interests.

A signed article criticizes trade unionists who pit their obligations to the party against those to the workers. They listened to whatever their superiors said, whether it was appropriate or not. Such people should emancipate their minds, it says. While carrying out instructions, the trade union should pay attention to the workers' wishes and feelings and make them known to the party. When instructions from above were harmful to the workers interests and went against their wishes, the trade union should not blindly carry out such orders, but should put forth its views. Then the workers would regard the trade union as their own organization, representing their own interests.

CSO: 4020

GENERAL ECONOMIC INFORMATION

BEIJING REPORTS ON PRESENT EMPLOYMENT FIGURES, URBAN LABOR

Beijing XINHUA in English 0140 GMT 11 Oct 79 OW

[Text] Beijing, October 11 (XINHUA)--Beijing now has 2,949,000 working people, a 6.8 fold increase over the early post-liberation figure of 433,000, whereas its city population has grown from 1,649,000 in 1949 to 4,671,000 in 1978.

Each employed person now supports 0.62 people instead of the 2.8 of the early 1950s.

The government started to register those unemployed soon after liberation. At that time employed people accounted for 26.2 per cent of the total city population.

Along with the development of China's national economy and the beginning of large-scale economic construction in the 1949-1957 period, the urban labour power grew annually with people being assigned regularly to state-owned or private enterprises and organs. The 230,000 jobless people left over from old China were gradually provided with jobs.

In the next eight years up to 1965, all urban labour power of working age was given work. By the end of 1965 employment figures reached 1,757,000.

The interference and sabotage of Lin Biao and the "gang of four" in the following 11 years seriously affected the development of the national economy and the employment problem.

In early 1979 Beijing needed to arrange work for 400,000 jobless people though 271,000 people were given jobs in the previous two years. The city has so far provided work for 151,000 jobless people and educated youth in state-owned, collectively owned enterprises and neighbourhood communities. Employed people now account for 60 per cent of the city's total urban population. It is expected that by the end of this year, the majority of those waiting for jobs will have work.

GENERAL ECONOMIC INFORMATION

BRIEFS

JILIN INDUSTRY--Comparing 1978 with 1949, the total industrial output value of Jilin Province increased by 3,500 percent, an average 13.2 percent increase per year and power generation capacity increased from 220,000 kw to 2,210,000 kw. The production of coal has increased by 720 percent compared with the time of the founding of the country. The production of paper has increased by 4,000 percent as compared to that in the initial period following the liberation. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 2 Oct 79 SK]

ANHUI MATERIALS CONFERENCE--The Anhui provincial work conference on goods and materials was recently held in Hefei. The conference adopted measures to promote the supply of goods and materials, improve the management systems, simplify the supply processes and promote transportation. The province has some problems in its goods and materials work such as stifling and excessive management, complicated procedures for the supply of goods and materials and irrational priorities for transporting certain goods and materials. The conference noted: We must set up goods and materials supply stations in a manner appropriate to local conditions. The Anhui Goods and Materials Bureau is prepared to first set up a group of goods and materials supply stations in Hefei, (?Zhengyi), Wuhu, Anqing and Fuyang. Prior to the conclusion of the conference, provincial CCP committee secretary Su Yu attended the conference and delivered a speech. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 14 Sep 79 HK]

ANHUI TRADE FORUM--The Anhui Federation of Trade Unions and the provincial economic committee held a 25 September forum which was attended by national labor models and representatives of national advanced enterprises. The participants saw off the delegates who departed to attend the prize-giving rally which will be held by State Council in Beijing on 28 September. Provincial Secretary Su Yu and Hefei CCP Committee Deputy Secretary (Wei Anmin) attended. Led by (Li Zegeng), deputy director of the provincial federation of trade unions and vice chairman of the provincial economic committee, the eight national labor models and representatives of advanced enterprises in the province left Hefei for Beijing by train on 25 September. Su Yu also went to the railway station to see them off. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 26 Sep 79 HK]

ANHUI COMMERCE CONFERENCE--The Anhui provincial conference on commerce was held recently in Bengbu Municipality. The conference studied ways to strengthen the purchase of industrial products and agricultural and sideline products, clear up the channels of the circulation of commodities and make arrangements for the markets in the busy seasons after autumn. The conference called on the staff and workers on the commerce front throughout the province to fulfill and overfulfill the buying and selling plans for the whole year and meet the needs of the people's livelihood in the cities and countryside. The conference revealed that there were quite a number of problems in commerce work in Anhui. Compared with the corresponding period of last year, the purchase of industrial products and pigs declined along with profits. It was pointed out at the conference that grasping industrial production is the current pressing task. Therefore, commerce work must support industrial production, particularly in the light and textile industries. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 16 Sep 79 HK]

FUJIAN PRODUCTS FAIRS--Recently, Fujian held an exchange fair of third grade local and sideline products in Fuzhou. The total amount of transactions at the fair reached 12.3 million yuan, an increase of 13.3 percent over last year's exchange fair. [Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 19 Sep 79 HK]

JIANGXI INDUSTRIAL PROGRESS--Before liberation Jiangxi had only 3,300 industrial enterprises, and the total value of output was 190 million yuan, accounting for only 17.5 percent of the total value of industrial and agricultural output. Coal production in 1949 was 300,000 tons, with the output of other products also very low. By 1978, the number of industrial enterprises in the province had grown to 11,000 and the total value of industrial output was 7.085 billion yuan, accounting for 61.5 percent of the total value of industrial and agricultural output. During 1978, the province produced 14.2 million tons of coal, 4.4 billion kilowatt-hours of electric power, 255,000 tons of steel and 244,000 tons of steel finished products. The province also produced 7,500 tractors, 12,000 hand-guided tractors, nearly 1,000 motor vehicles, 570,000 horsepower of internal combustion engines and 2,400 machine tools. Many light industry and textile products were also produced. In 1978, the province had 1,100 kms of railroad track, 62 percent more than in 1949, and 109 kms of local railroads. There is a direct train from Nanchang to Beijing, which takes only 30 hours. The province has over 30,000 kms of roads, and 97 percent of the communes are accessible to motor vehicles. Every commune has telephone service. Civil air routes have been opened from Nanchang to Ganzhou, Nanchang to Jian and Nanchang to Jingdezhen. The flight from Nanchang to Beijing takes only 2 hours. Total freight transport in the province in 1978 was 14.2 times greater than in 1950, while passenger transport increased by 19.3 times. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 24 Sep 79 HK]

SHAANXI PRETRIAL POINTS--With the approval of the State Economic Commission and Ministry of Finance, Shaanxi recently set up trial-points in 36 state enterprises for expanding the enterprises' self-management rights. Before the conference in Chengdu, three enterprises in Shaanxi had set up such trial-points. The 36 enterprises were rectified and their leadership groups have improved. Of these 36 enterprises, 23 were cited as Daqing-type enterprises by the Shaanxi Provincial CCP and Revolutionary Committees. On the morning of 10 September, the Shaanxi Economic Committee held a conference of the leadership comrades of the leading bureaus to study ways to expand the self-management rights of these enterprises. Also present at the conference was He Chenghua, standing committee member of the Shaanxi Provincial CCP Committee and vice chairman of the provincial revolutionary committee. The conference pointed out that the departments of finance, banking, material, labor and communications must effectively support and promote trial-point work. [Xian Shaanxi Provincial Service in Mandarin 1300 GMT 12 Sep 79 HK]

SHANDONG MARKET SUPPLY--Rural markets in Shandong Province are brisk and an excellent situation has been brought about in commercial departments. From January to August the amount of the agricultural and sideline products procured by commercial and industrial and communications departments was increased by more than 30 percent compared to the same period of last year. The procurement of fresh eggs was increased by 60 percent, surpassing the previous records. From January to August the volume of business at rural village fairs increased by more than 40 percent compared to the same period of last year, and the prices for 22 major commodities were 10 percent lower. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Sep 79 SK]

SHANDONG ENTERPRISE MANAGEMENT--Shandong is implementing a management system to develop commune- and brigade-run enterprises. Shandong has a total of 170,000 commune- and brigade-run enterprises, producing over 1,700 kinds of products and employing over 2.7 million working personnel. Last year these enterprises directly supplied agriculture with 380 million yuan in funds. Under the new management system, all commune- and brigade-run enterprises have greater decision-making powers. These enterprises are also being encouraged to promote production of marketable products by fully utilizing local resources in order to supply agriculture with more funds. [Beijing Domestic Service in Mandarin 1000 GMT 4 Oct 79 OW]

SHANGHAI WORKERS RECRUITMENT--Recruitment of new workers by Shanghai's textile, light industry, handicraft, real estate, financial, construction and some 40 other bureaus and units has been in the main concluded. Over 20,000 educated youths have been selected. They include 222 carpenters needed by the Municipal Housing Bureau and nearly 400 drivers needed by the Municipal Public Utilities Bureau. [Shanghai City Service in Mandarin 2300 GMT 19 Sep 79 OW]

SHANGHAI HIRING WORKERS--The Shanghai Municipal Labor Bureau held a meeting on 3 October to discuss the question of hiring workers from among Shanghai's 1978 middle school graduates. Graduates who are outstanding in moral, intellectual and physical education will be hired by over 60 bureaus and units. Over 20,000 will be hired by units of ownership by the whole people, over 30,000 will be hired by units of collective ownership and a number of them will be hired by state farms. [Shanghai City Service in Mandarin 0000 GMT 4 Oct 79 OW]

SHANGHAI DISTRICT COLLECTIVE ENTERPRISES--Since the beginning of 1979, the collectively-owned enterprises run by the various neighborhoods in Shanghai's Hongkou District have employed 6,488 jobless educated young people. Total income earned by these enterprises from January to July amounted to 25.9 million yuan, topping the same period last year by 30 percent. Their products included electric fans for domestic use and woolen sweaters for Hong Kong businessmen. Restaurants and nurseries were opened and operated by these enterprises to provide services to industrial workers and scientific research personnel. [Shanghai City Service in Mandarin 2300 GMT 1 Sep 79 OW]

SHANGHAI ARTS, CRAFTS--Shanghai has made tremendous progress in arts and crafts in the past 30 years. The output value of velvet products in 1978 rose by 600 times over 1956, while that of diamond products in 1978 topped 1965 by 150 times. At present Shanghai's industrial artware is on sale in more than 80 countries and regions. It earned a total of \$295 million for the state in foreign exchange from 1965 to 1978. [Shanghai City Service in Mandarin 1130 GMT 27 Sep 79 OW]

XINJIANG LOCAL ENTERPRISES--Enterprises run by communes and brigades in Xinjiang have made big headway. The total output value registered by these enterprises in 1978 reached some 180 million yuan, accounting for 16.5 percent of the total economic income of the region's people's communes and surpassing the 1977 record by 20 percent. At present, there are 14,408 commune- and brigade-run enterprises in Xinjiang, employing 160,000 people, or 5 percent of the total labor force owned by communes and brigades. Some 5,000 enterprises are catering direct services to agricultural production. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Sep 79 OW]

XINJIANG TRADE UNION COUNCIL--The Fourth Xinjiang Regional Trade Union Council held its first plenary session on the afternoon of 28 September, at which chairman, vice chairmen and standing committee members of the council were elected. (Gao Shuxien) was elected chairman; and (Peng Zhicheng); (De Fan), Hazak nationality; (Yang Chunliang); (Jiang Yanyuan); (Tuhut Niyaz), Uighur nationality; and (Xu Meilian), female; were elected vice chairmen. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Sep 79 OW]

ZHEJIANG MARKETS--The markets in Hangzhou, Wenzhou, Ningbo and other small towns are fully stocked with industrial products, staple food and subsidiary food items, and are doing a brisk business. According to incomplete statistics compiled by Hangzhou, Ningbo, Wenzhou and Dwuxing cities, 118 varieties of 17 major commodities have been made available for national day market, which means an increase of 108 varieties as compared with last year. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 23 Sep 79 OW]

ZHEJIANG SHOCK WORKERS--Zhejiang Province has selected 337 youths as shock workers and 40 collectives as shock teams in the new long march from among industrial, finance and trade, agriculture, education, culture and other departments in the province. Among these outstanding workers are youths of minority nationalities, outstanding CYL cadres and "three-good" students. The provincial CYL committee recently held a forum in preparation for the national citation ceremony. The forum called on CYL organizations at various levels to consciously sum up experiences and further mobilize the broad masses of youths to win the first battle for the four modernizations. A citation ceremony will be held in Hangzhou in October. Representatives of shock workers and shock teams to attend the national citation ceremony left for Beijing on 18 September. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 19 Sep 79 OW]

ZHEJIANG COMMODITY PRICES--The Zhejiang Provincial Revolutionary Committee recently decided to conduct a general survey of commodity prices throughout the province. Since the second half of 1978, the state has raised the buying prices for certain farm produce and meanwhile adjusted the selling prices for certain consumer goods in a planned way. Ignoring the state's pricing policy, certain localities and enterprises in Zhejiang have acted in their own way and made unauthorized price hikes in order to seek profits. The local masses are complaining. Any unauthorized price hiking discovered during the survey will be subjected to corrective action. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 28 Sep 79 OW]

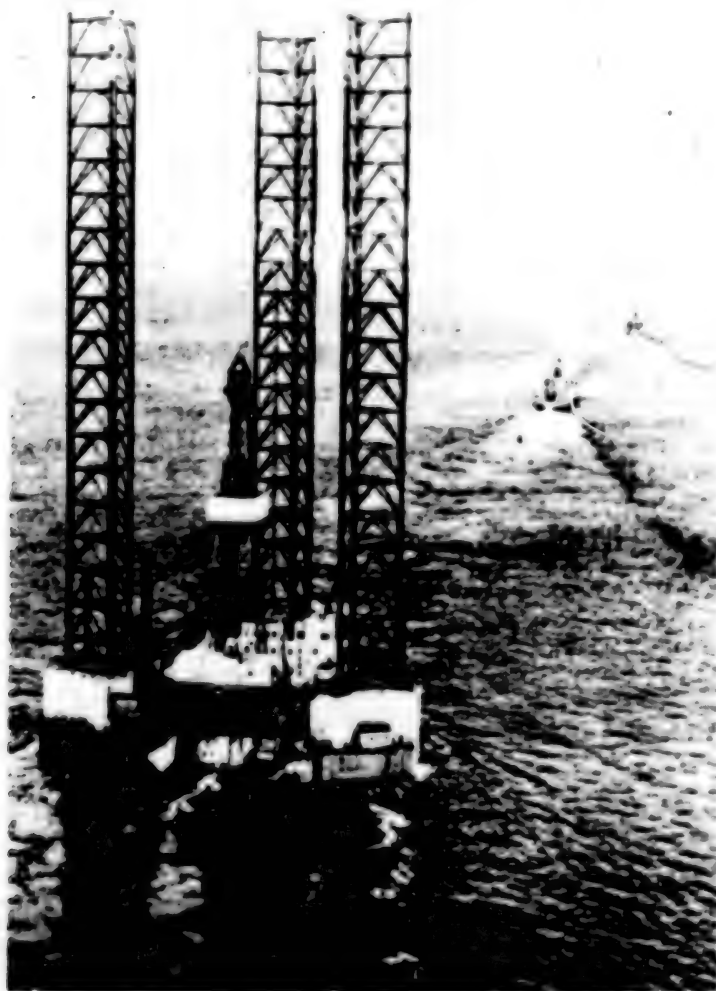
STEEL TRAINING COURSES--Taiyuan, 22 September--China's ten major iron and steel companies have offered in-service training to half of their workers in the past year, according to a meeting called by the Ministry of the Metallurgical Industry. The Anshan Iron and Steel Company, the largest in China, compiled syllabuses for its 130,000 workers in nearly 600 trades of work. The company ran 1,400 courses last year, training 56,000 workers. The Taiyuan Iron and Steel Company in Shanxi Province ran 553 courses of seven different types. The courses covered 60 specialities, including steel melting, steel rolling, machine maintenance, power supply, use of computers, heat treatment, the drawing of blueprints and enterprise management. Twenty thousand six hundred workers attended the courses. The Wuhan Iron and Steel Company gave training to 80 percent of its workers at the company while sending some people to study in factories and colleges in other parts of China and in foreign countries. Workers have been trained to operate imported equipment. The Ministry of the Metallurgical Industry plans to train more personnel during the next three years of readjustment of the national economy. [Beijing XINHUA in English 0138 GMT 22 Sep 79 OW]

FUELS AND POWER

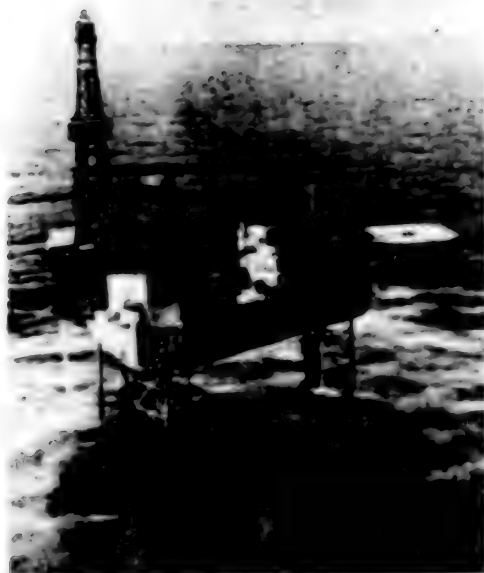
OFFSHORE DRILLING PLATFORM OPERATING IN SOUTH CHINA SEA

Hong Kong TA KUNG PAO in Chinese 13 Oct 79 p 8

[Photos originally published in NANFANG RIBAO Oct 11-12]



Explorer 2 drilling platform underway after completing Pearl River test drills



Explorer 2 drilling platform in operation



Helicopter from Guangzhou Civil Aviation Bureau brings men and materiel to drilling platform

FUELS AND POWER

USE OF RESIDUAL HEAT ENCOURAGED

Beijing GONGREN RIBAO [WORKERS DAILY] in Chinese 1 Aug 79 p 1

[Commentator's article: "Good Prospects for Utilization of Residual Heat"]

[Text] In the past 1 or 2 years, production on the communications and transportation front could not be speeded up because of one important factor: energy. Now, it would still be difficult to achieve this goal if we rely on increased energy production alone. We must make better use of energy in order to solve this problem. Today, this journal carries reports on the experiences of Liaoning Province, the Dongguan Sugar Refinery of Guangdong and the Shaoyang Charcoal Factory of Hunan in the comprehensive utilization of residual heat. These experiences show that rational utilization of residual heat cannot only help save large quantities of energy, but can also ease the present shortage of fuel and power supply. This is an important measure to increase production and practice economy and the main way to solve the problem of fuel and power shortage.

For various reasons, a large portion of energy cannot be utilized and is simply wasted in the process of industrial production. According to the estimate of the department concerned, the rate of fuel utilization in our country is only around 28 percent. If we can increase it by only 10 percent, it will mean an increase of several billion tons of fuel each year. The present amount of usable industrial residual heat in our country is equivalent to 5 billion tons of standard coal, but the rate of utilization is only 8 percent. This shows the great potential of energy saving. If we fully utilize the industrial residual heat and raise the utilization rate of fuel, there are good prospects for us to develop industry and to accelerate the Four Modernizations. We should therefore treat this as a very urgent task.

Can the utilization of residual heat be accomplished? Liaoning Province has supplied a very good answer. Since the end of 1977, Liaoning Province utilized 28 percent of the total amount of usable residual heat; in 1978, the province again planned a number of projects after the completion of which, the utilization rate would be raised to 32.4 percent. This year,

they are still continuing to plan projects for the same purpose. Thus the utilization rate will be increased every year until gradually the industrial residual heat will be fully utilized.

What Liaoning Province has achieved other areas can certainly achieve too. The key to success is a firm confidence in doing a good job in the utilization of residual heat and to increase production and practice economy; a strong determination to save every catty of coal and every unit of electricity, and to try every way to tap potentials and carry out improvements; and a scientific approach to a more effective and systematic utilization in a way suitable for local conditions in various regions and units.

In deepening the movement to increase production and practice economy, all regions and departments should attach great importance to the utilization of residual heat. They should plan on the amount of industrial residual heat to be saved this year and the next year, and carry out periodic checks. In the next 2 years, they should save fuel and electric power by increasing the utilization of residual heat and use residual heat to generate power as an important task in tapping potentials and carrying out improvements and reforms. They should endeavor to accomplish this task and let every unit of heat energy make a greater contribution to the Four Modernizations.

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CSO: 4006

FUELS AND POWER

NATIONWIDE CAMPAIGN TO IMPROVE COAL QUALITY ACHIEVES GOOD RESULTS

Beijing GONGREN RIBAO [WORKERS DAILY] in Chinese 5 Aug 79 p 1

[Article by GONGREN RIBAO Correspondent Sun Xun [1327 6598]: "Nationwide State Controlled Coal Mines Further Improve Quality of Coal"]

[Text] Since the beginning of 1979, all state controlled coal mines have vigorously strengthened their control of coal quality and mobilized the masses to continue their emulations in further improving coal quality. In the first half of the year, the contents of ashes and waste rocks in coal were reduced to a level below the state planned standard and by 0.7 percent and 0.2 percent respectively compared with last year. The washing away of jet ash and reduction of moisture are also up to national standard. Compared with last year, the reduction of jet ash and moisture was 0.16 percent and 0.3 percent respectively. The standard of all four items is the best in recent years.

After the first "quality month" started in September 1978, the quality of coal showed marked improvement. Since the beginning of this year, the coal mines everywhere have determined to consolidate and develop the gains already won, and continued to improve the quality. Many mines have strengthened their leadership on quality control and adopted various measures to maintain the good quality. Leaders at various levels of coal mines in Shandong and their teams carried out thorough inspections on the work of quality control in various mines, and solicited opinions from more than 300 coal users. Various measures were then worked out to solve problems and to improve the quality of coal produced by mines under various administration bureaus. In the first half of the year, seven coal mine administration bureaus succeeded in reducing the contents of waste rocks to a level below that of last year, while six other bureaus have reduced the ash contents. The record of reducing waste rocks and jet ashes was the best in the history of the province. The reduction of coal ashes has also been remarkable.

To quickly improve the quality of coal, coal mines everywhere mobilized the masses to launch the first campaign of the "quality month" in the months of April, May and June. During this campaign, emulations were carried out

between different bureaus, different mines and different factories. Last year, the Zaozhwang Mining Administration Bureau had the best record for the quality of coal and was named by the Ministry of Coal Industry the "Enterprise That Can Pass the Toughest Test in Coal Quality." Since the beginning of this year, every mine and factory has joined the emulations, set high goals and made strict demands on themselves. In the first half of the year, coal ashes and waste rocks have been further reduced, thus setting a new record. The Hantan Coal Washing Factory under the Fengfeng Mining Administration Bureau was formerly rather weak in quality control. In the past 20 years, the elimination of jet ashes and moisture was not up to the required standard. During the emulation, however, every workshop, work shift and work team paid great attention to the quality and improved their washing equipment and production process. The contents of jet ashes and moisture quickly dropped, and the quality was up to the required standard in the first half of the year. The recovery rate of jet was raised to more than 90 percent. Through the nationwide emulations, the ash and rock contents of commodity coal were reduced to the lowest level in local history by 17 and 26 mines respectively; the indice of both ashes and rocks showed improvements in 51 bureaus; the quality of coal was raised by one grade in 34 bureaus, and the jet ashes were reduced in 99 coal washing plants. These ashes were reduced to below 9 percent in 16 of these plants.

During these emulations, many mines under government administration bureaus have further streamlined their system to exercise more active quality control. The advanced units producing fine quality coal were commended.

To further step up the emulation campaign for quality improvement, the second "quality month" has been launched since last July by the state controlled mines throughout the country. An upsurge is now in full swing for further improving the quality of coal during the third season.

FUELS AND POWER

BRIEFS

MECHANIZED COAL MINING--Beijing, 4 Oct--During the first 8 months of this year, 23, or one-third, of China's comprehensive mechanized coal mining teams reached the standard of "grade teams." According to the Coal Ministry's requirements in 1978, comprehensive mechanized coal mining teams with an annual coal output of 500,000 dun, 400,000 dun and 300,000 dun are considered Grade A, B and C teams, respectively. [Beijing XINHUA Domestic Service in Chinese 0701 GMT 4 Oct 79 OW]

ZHEJIANG COUNTY HYDROELECTRIC POWER--Wuyi County, in Zhejiang, has built 13 hydroelectric power stations in the county's western hilly area, with a total installed capacity of more than 6,300 kilowatts. When 7 more stations are completed in the next year, the combined installed capacity of the 20 stations will be more than 8,500 kilowatts. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 18 Sep 79 OW]

ZHEJIANG POWER LINE--Construction of a high-voltage power transmission line between Quanzhou and (Wuxijiang), a major project in Zhejiang, was completed on 15 September ahead of schedule. The 220-kilovolt high-voltage transmission line was built in support of the (Wuxijiang) hydro-power plant, a major state project. The capacity of this 31-kilometer power transmission line is 170,000 kilowatts. Construction began on 9 March and was completed 100 days ahead of schedule. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 20 Sep 79 OW]

ANHUI COAL BASES--Construction of the coal bases in Huainan and Huaibei has been fully launched. Some seven shafts are now under construction. The workers pledged to insure completion and operation of three shafts in the coming 2 years. To speed up the construction of the two coal bases, the party committees at all levels have fully implemented the policy on intellectuals and given full play to the role of technicians as the backbone elements. In the past year, 27 technicians have been promoted to leadership posts, while 217 technicians have been promoted to chief engineers, assistant chief engineers and engineers. A number of technicians have joined the communist party. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 21 Sep 79 HK]

SICHUAN COUNTY ELECTRICITY--Tongliang County's power industry has achieved a speedy development over the previous 30 years. Its current installed capacity has reached 4,730 kilowatts, a 195-fold increase as compared with the preliberation installed capacity of 24 kilowatts. The county has 45 medium and small hydroelectric stations with a total installed capacity of 4,730 kilowatts. Their annual electric energy production has reached over 13 million kilowatt-hours. The county plans to build nine small hydroelectric stations with a total installed capacity of over 1,750 kilowatts from 1979 to 1980 to enable the county's annual electric energy production to reach 20.757 million kilowatt-hours. [Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 5 Oct 79 HK]

LIAONING COAL PRODUCTION--The annual coal production of Liaoning Province reached 48 million tons in 1978. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 3 Oct 79 SK]

LIAONING ELECTRICITY LINE--A 220,000 volt high tension electricity transmission line was laid from Taipingshao through Fengcheng to Dandong Municipality in Liaoning Province on the eve of the 30th anniversary of the founding of China. This 200-kilometer electricity transmission line is an auxiliary project of the Taipingshao hydroelectric power station. It is supposed to be able to improve the quality of electricity supply for industrial areas in Liaoning Province and to promote agricultural, light industry and textile industry development in the future. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 28 Sep 79 SK]

SHANDONG COAL INDUSTRY--The coal industry of Shandong Province has developed rapidly over the last 30 years. There are now 55 collieries whose products are distributed under the united state plan and 204 local collieries. The annual coal output of the province now amounts to some 42 million tons, 84 times as much as that in the period immediately after liberation. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 7 Oct 79 SK]

SHANDONG POWER INDUSTRY--Since the founding of new China, power industry has made great headway in Shandong Province. There are now 14 large- and medium-sized power plants, each with a capacity of 25,000 kilowatts or more. Total generating capacity of the power plants in the province is 20 times greater than that before liberation, and total actual power output has increased 72 times. The province now has some 13,000 kilometers of high-tension power transmission lines of more than 35,000 volts, connecting 96 counties and municipalities. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Oct 79 SK]

ANHUI COAL PRODUCTION--Since 1977, the total output of coal in Anhui has increased at a yearly rate of 1.5 million tons. By 15 September 1979, production quotas had been overfulfilled by 620,000 tons. The output of coal this year will be 2.3 times higher than the total output of coal in the 37 years preceding liberation. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 22 Sep 79 HK]

EAST CHINA POWER NETWORK--The East China Electric Power Administrative Bureau held a mobilization meeting on 8 October to commend the advanced and promote the movement for increasing production and practicing economy. Han Zheyi, secretary of the Shanghai Municipal Party Committee and vice chairman of the municipal revolutionary committee, and (Chen Dongbo), director of the Municipal Industry and Communications Department, spoke at the meeting. Over 3,000 representatives of advanced producers and collectives attended the meeting. During the first 9 months of this year, the bureau generated 309 million kwh's of electricity, 7.2 percent over the same period in 1978, adequately meeting the power needs of increased industrial production and agricultural production in areas covered by the east China power network. [Shanghai Municipal Service in Mandarin 1130 GMT 8 Oct 79 OW]

JIANGSU MARSH GAS--As of now, Jiangsu has built over 600,000 marsh gas generating pits. Some 55 communes, 1,300 production brigades and 15,000 production teams have used marsh gas. A few localities have even built electric power generating plants using marsh gas. Since the national conference on marsh gas work, many prefectures, counties and communes in Jiangsu have accelerated their pace in developing marsh gas. Jiangsu plans to build 400,000 additional marsh gas pits this year and more in the years to come. It is envisioned that by 1985 over 50 percent of Jiangsu's farming households will be using marsh gas. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 28 Aug 79 OW]

JIANGSU ELECTRIC POWER--Jiangsu Province has made tremendous progress in constructing power projects over the past 30 years. Before liberation the total installed capacity was less than 100,000 kilowatts and the annual power output was only 220 million kwh. Now the province's annual power output exceeds 13 billion kwh. Its power network is connected by a 220,000-volt power transmission line while its rural areas are linked by 50,000 kilometers of high-tension power lines and 60,000 kilometers of low-tension power lines. At present, 100 percent of the counties, 98 percent of the communes, 80 percent of the production brigades and 65 percent of the production teams have a power supply. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 2 Oct 79 OW]

JIANGXI HYDROELECTRIC STATIONS--The people in Jiangxi have 5,803 hydroelectric power stations of all types with an installed capacity of 658,500 kilowatts, accounting for 44 percent of the total installed capacity of all the electricity of the province. Some six counties have an installed capacity of 10,000 kilowatts. The total output of hydroelectricity in 1978 reached 1.1 billion kilowatt-hours throughout the province. The development of hydroelectric power has provided electricity for 98 percent of the communes, 60 percent of the brigades and 48 percent of the production teams. Jiangxi is rich in water resources and there are good conditions for developing hydroelectric projects. In Ganzhou Prefecture, the small hydroelectric power stations

now provide 900,000 kilowatts of electricity, accounting for one-seventh of hydroelectricity throughout the province. According to statistics at the end of July, the installed capacity from the small hydroelectric power stations throughout the province reached 323,600 kilowatt. In 1978, the small hydroelectric power stations in Jiangxi provided 410 million kilowatts. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 18 Sep 79 HK]

SHANXI RURAL ELECTRIFICATION--Since 1957, the people in Shanxi have installed 55,000 kms of power transmission wire in the countryside throughout the province along with some 70,000 kms of low tension wire. The installed capacity of the small hydroelectric and small thermal electric power and their yearly output account for 12 percent of the total installed capacity and yearly output of the whole province. All the counties, 90 percent of the communes and 70 percent of the brigades throughout the province now have electricity. By 1978, electricity for use in water conservancy projects, mechanization and processing of agricultural and sideline production reached 2.1 million kilowatts, 1.33 million of which were used in irrigation. This is equivalent to the whole country's level in 1962. The electricity consumed by agriculture including that consumed by the counties, communes and brigades in running industry reached 2.58 billion kilowatt-hours. [Taiyuan Shanxi Provincial Service in Mandarin 1100 GMT 23 Sep 79 HK]

YUNNAN ELECTRICITY--By July 1979, the Yunnan Electricity Bureau had completed 60.8 percent of its yearly capital construction electricity project plans. In accordance with state plans, three electricity plants will be built and put into operation this year with a total installed capacity of 17,500 kilowatts. [Kunming Yunnan Provincial Service in Mandarin 2315 GMT 3 Sep 79 HK]

ZHEJIANG HYDROELECTRIC STATIONS--Zhejiang Province has made rapid progress in building small hydroelectric power stations in the countryside. More than 5,900 small hydroelectric power stations have been built in 56 counties with a total generating capacity of 410,000 kw. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 24 Sep 79 OW]

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MINERAL RESOURCES

BRIEFS

ANHUI GOLD FIND--Beijing, 22 Sep--Two peasants of the Huayuan production brigade of a people's commune in Shouxian County, Anhui Province, donated to the state 18 pieces of gold with a combined weight of 5,204 grams that they had dug up in the fields in August this year. This was reported to RENMIN RIBAO in a letter by Yao Shanrong of the broadcasting station of Shouxian County. Shouxian County was the site of the capital of the Chu State in its later days during the Warring states period (475-221 B.C.). The Huayuan brigade is on the southern outskirts of the county. Six of the 18 pieces of gold unearthed by Zhang Shiliang, a production team leader, and Liu Ruming, are inscribed with characters in seal script "Yin Yuan" (meaning a coin of the Chu State). The other 12 pieces were already made into blanks for coins. Some archeologists estimated that the place might be the site of the treasury of the Chu State, giving these gold pieces both an economic value and an archeological significance. The two peasants discovered the 18 pieces of gold in an area 1 foot square while they were working in the fields. [Text] [Beijing XINHUA in English 1225 GMT 22 Sep 79 OW]

GUANGXI PREFECTURE GOLD OUTPUT--From January to August, peasants of Wuzhou Prefecture, Guangxi, extracted and panned a total of 1,829 liang of gold, topping the same period last year by 170 percent. [Beijing XINHUA Domestic Service in Chinese 0225 GMT 27 Sep 79 OW]

HENAN MARBLE MINE--A large marble mine has been discovered in Nanzhao County, Henan Province. This mine is 8 li long and 2 li wide. It has deposits totaling 180 million dun and may be turned into a large marble mine with an annual capacity of 1 million dun for the next 100 years or so. [Beijing Domestic Service in Mandarin 0415 GMT 24 Sep 79 OW]

HUNAN PREFECTURE TUNGSTEN--There are 50 nonferrous metallic ores in Chenzhou Prefecture with Tungsten deposits as the largest. Since liberation, the state has expanded and built seven tungsten mines in this prefecture. At present, the yearly output of Tungsten is 3,500 tons, accounting for 50 percent of the yearly output throughout the province. This effectively supports the state industry and national defense and insures exports for foreign trade. The state invests 1 million yuan for these mines yearly to mechanize them. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 2 Oct 79 HK]

HEAVY INDUSTRY

BRIEFS

HEFEI INDUSTRY, COMMUNICATIONS--According to statistics, the total value of industrial output in Hefei in August this year increased by 19.26 percent over the corresponding period of last year and an increase of 12.93 million yuan over this July. After the industry conference of the Anhui Provincial CCP Committee, the Hefei Municipal CCP Committee had held a conference of responsible cadres of the party members throughout the municipality to relentlessly grasp the implementation of the production plans for the whole year and current production, continuously deepen the movement to increase production and practice economy. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 16 Sep 79 HK]

JILIN INDUSTRIAL OUTPUT--The total industrial output value throughout Jilin Province topped the previous records in September, showing an increase of 8.8 percent over August and 11.2 percent over the corresponding period in 1978. The quality of industrial products was also improved in September. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 14 Oct 79 SK]

LIAONING INDUSTRIAL OUTPUT--The total value of industrial output of Liaoning Province was higher in the third quarter than in the second quarter of the year. The figure for September reached a record high and was 5.1 percent above the same period of last year. The total output value of light industry in September, including textiles, was 9.6 percent higher than the August record. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 11 Oct 79 SK]

SHANDONG MACHINERY INDUSTRY--The machinery industry has greatly expanded in Shandong Province in the past 30 years. The total output value of machinery industry in 1978 reached 2.39 billion yuan as against only 53 million yuan in 1949. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Oct 79 SK]

SHANDONG INDUSTRIAL OUTPUT--The total industrial output value of Shandong Province in September surpassed that of August by 11.8 percent and surpassed that of the same period of last year by 12.3 percent. The total output value of the third quarter of this year is 11.39 percent higher than that of last year. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 8 Oct 79]

ANHUI MACHINE BUILDING INDUSTRY--The total industrial output value of Anhui's machine building industrial department from January to August this year was 11.3 percent more than in last year's corresponding period. Output of tractors was 1.35 times, of pumps for agricultural use nearly the same, of diesel engines 96 percent and cranes, and mining equipment and electric wires and cables some 30 percent more. Output of transport and forging equipment, pumps for industrial use, compressors, industrial shaft bearings, transformers and motor accessories increased by some 20 percent. The profit submitted to upper levels was 65.47 million yuan, 3 percent more than in last year's corresponding period. According to the estimate of the recent provincial conference of the machine building industrial departments on increasing production and practicing economy, the province can fulfill the value quota of its machine building industrial output--950 million yuan--for this year. It is estimated that the province can increase production by 57 million yuan. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 26 Sep 79 HK]

GUANGXI MACHINE BUILDING--In August, the machine building system in Guangxi increased monthly output by 19.57 percent over July, an increase of 19.66 percent over the corresponding period last year. The products included mining equipment, weightlifting equipment, electricity generating equipment, industrial boilers, forging equipment, motor vehicles, hand-guided tractors and internal combustion engines. [Nanning Guangxi Regional Service in Mandarin 1130 GMT 15 Sep 79 HK]

JIANGSU INDUSTRIAL OUTPUT--A campaign to increase production and practice economy is in full swing in the field of industry in Nanjing Municipality, Jiangsu. As a result, the total industrial output value in the city in September topped 600 million yuan, marking an increase of 13.8 percent compared to August this year. By the end of September, 65 plants and mines in the city had prefulfilled their production plans a quarter ahead of schedule. Since the beginning of this year, the city has saved 130,000 tons of coal. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 6 Oct 79 OW]

SHANDONG METALLURGICAL INDUSTRY--The metallurgical industry has been vigorously developed throughout the province since 1949. Shandong Province now has 85 metallurgical enterprises. Steel output this year may reach 800,000 tons, five times the output of 1949. The variety of steel products and rolled steel now numbers some 130 and 2,700 respectively. These metallurgical enterprises also produce some specialized rolled steel products used in industry, agriculture and light industry. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 28 Sep 79 SK]

ZHEJIANG INDUSTRIAL OUTPUT--Zhejiang Province's total industrial output value for the third quarter of 1979 was 3.5 percent greater than the second quarter. As of the end of September, the province has fulfilled 74.9 percent of its total yearly industrial output value under the state plan of increasing production and practicing economy, showing a 14.6 percent increase over the corresponding period of 1978. Output of 64 of the 80 major products under the state plan was higher than 1978 and the quality of products also steadily improved. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 10 Oct 79 OW]

LIGHT INDUSTRY

LIGHT INDUSTRY EXHIBITION OPENS IN BEIJING

Beijing XINHUA in English 1255 GMT 15 Sep 79 OW

[Text] Beijing, September 15 (XINHUA)--Washing machines, refrigerators, quartz watches, electronic organs and modular furniture are among the attractions that drew some 15,000 visitors to the national light industry sales-exhibition when it opened here this morning.

On exhibit are more than 3,000 varieties of consumer goods from all parts of China, mainly those introduced over the past year since the first national quality month held a year ago.

In the entrance hall are 45 high quality products which between them have been awarded 18 gold and 27 silver medals. Among them are the world-famous Maotai spirit, a new burgundy from Hebei, porcelain from Jingdezhen and well-tailored Shanghai and Beijing shirts and blouses.

The exhibition is on a larger scale than any held over the past three decades. One purpose of the exhibition is to enable manufacturing enterprises to find out the likes and dislikes of consumers, according to an official of the Ministry of Light Industry. It is at the same time a review of the achievements over the past year, and provides an opportunity for the producers to learn from each other. The exhibition is scheduled to last a month.

Light industry departments are making great efforts to develop the industry and supply the market with more quality products, in line with the 1979 national economic plan. A plan was drawn up in January at the national conference of light industry bureau directors to add new varieties and introduce new products.

Many factories have introduced new techniques, materials and packaging, cut waste and reduced production costs while producing on a trial basis new products over the past eight months.

The output of bicycles, in which China takes second place in the world, increased to 8.54 million in 1978. The new varieties on display, including 3-speed bicycles, models with small wheels, folding and light bicycles, were the object of much favourable comment from the public.

Electronic watches, including the quartz watches which were rareties in China only a few years ago, are being mass-produced in Shanghai, Beijing, Tianjin and Changzhou. Experimental manufacture of a fourth generation of quartz watches is presently being carried out.

In order to cope with the growing demand for domestic electric appliances and an improved standard of living, light industry departments are producing washing machines, refrigerators, window-ledge conditioners, micro-wave electric ovens, vacuum cleaners, and some 20 other new appliances.

The Ministry of Light Industry plans to step up production of washing machines, refrigerators and air conditioners over the next few years, according to an engineer at the ministry in charge of the production of domestic electric appliances. The stress will be on simple washing machines because they are easier to make, less expensive and suit the current purchasing power in China.

CSO: 4020

LIGHT INDUSTRY

'XINHUA' REPORTS ON TEXTILE GOODS MARKETING IN BEIJING

Beijing XINHUA in English 0147 GMT 14 Oct 79 OW

[Text] Beijing, October 14 (XINHUA)--About five percent of Beijing's total textile output now is sent directly from the mills to the market without going through intermediate commercial departments. This is an attempt by the textile mills to know the consumers' needs by doing their own marketing and to improve production.

At the Di An Men Department Store in the north of the city, there are dozens of special counters set up by the various textile mills to sell their products. Here on sale are more than 2,500 kinds of textile products including cottons, silks, woolens, knitwear, synthetics and blankets. Eight hundred are new products.

Every mill has its own people there who sell the commodities together with the shop assistants. They also try to tell the shoppers something about the commodities and solicit opinions. Mills compete here to see whose products get the best sales. They also exchange experiences in production so they can learn from each other.

Beijing's textile mills work out production plans in accordance with the supply of raw materials, workforce and technical conditions, and the people's needs. Generally, products are purchased by commercial departments which wholesale them to the various shops.

A spokesman for the Beijing Municipal Textile Bureau told XINHUA: "People's needs are so different and the varieties of products needed so numerous that we find it difficult to make a satisfactory plan. Also, shortcomings in our work sometimes prevent the plan from being satisfactory. The result is that some products are unsold while others in great demand are in short supply. When we don't know the people's needs, we hesitate to put new products into mass production.

"Now part of our products need not go through the commercial departments and are sent directly to the market so that consumers can buy them the same day the factory delivers them. This change makes it possible to know people's needs quickly and remedies defects in the plan."

It is three months since this new method was adopted. Quality of products, design and packaging have all improved. Production of 15 products that sell well has been expanded and dozens of new products are being turned out.

Many factories are looking for other ways to study market demands so that they can expedite production.

CSO: 4020

LIGHT INDUSTRY

INEQUITIES TOWARD GANGU COUNTY HANDICRAFTS INDUSTRY NOTED

Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 15 Oct 79 SK

[Excerpts] Today's GANSU RIBAO carries a report revealing that handicraft enterprises in Gangu County are maltreated in many aspects. Gangu County has developed its handicraft industry with its own accumulated funds. From 1962 to 1978 the handicraft enterprises in this county handed over to the state more than 3.72 million yuan in business and income taxes, an average of 250,000 yuan a year, with the highest amount turned over being some 500,000 yuan. However, the decision-making rights of these handicraft enterprises are not being respected at present, and their fixed capital funds are arbitrarily requisitioned by other departments.

In 1976 the Handicraft Administrative Bureau invested some 529,000 yuan to build a cement plant. But Gangu County's Revolutionary Committee issued a document demanding that this plant be turned over to the state.

When the county's physical culture and sports committee repaired a stadium, the brick and tile plant and the construction team under the handicraft enterprises were held responsible for supplying over 9,900 yuan and 48,000 yuan worth of bricks respectively. Thus, the handicraft enterprises of Gangu County seem to be a public bank for the county and whoever needs the money may come and take it. In addition, the handicraft enterprises of this county are under restrictions in many aspects such as in the recruitment of cadres, in the distribution of wages and welfare benefits to staff members and workers and in the supply of raw materials, not to mention comparing them with state enterprises.

Such a situation as that of the handicraft enterprises in Gangu County is common throughout the province. Does it mean that collective enterprises are inferior to state enterprises? Does it mean that turning collective enterprises into state enterprises is progress and that developing collective enterprises is retrogression under the present situation? How should the collective enterprises be operated so that they will be enterprises that enjoy the system of collective ownership? All these issues merit our attention.

LIGHT INDUSTRY

BRIEFS

JIANGSU POWDER METALLURGY--A provincial conference on exchanging experiences in powder metallurgy was held in Zhenjiang Municipality on 21 September. Attending were major producers and consumers of powder metallurgical products. The conference exchanged experiences in this new technology and discussed development plans. A powder metallurgical branch of the Jiangsu Provincial Mechanical Engineering Society was also inaugurated at the conference. According to incomplete statistics, Jiangsu has turned out 2,500 pieces of powder metallurgical products with more than 500 varieties, which are widely used in textile, farm machinery, machine tool, metallurgy, mining, communications, petrochemistry, home electric appliance, aviation and ammunition industries. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 26 Sep 79 OW]

SHANDONG LIGHT INDUSTRY--Over the past 30 years industries under the first light industry department of Shandong Province have grown progressively at an average annual rate of 13 percent. Total value of production this year is expected to reach 3.1 billion yuan, showing a 36-fold increase over the 1949 figure. The total amount of tax paid and profits provided to the state by these industries over the past 30 years has exceeded 13 billion yuan. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 3 Oct 79 SK]

SHANDONG ELECTRONICS--Shandong Province has greatly developed its electronic industry in the past 30 years. It has established a network in its initial form to produce transistorized devices, radio parts, broadcast, television and communications equipment, radar instruments and electronic computers. The number of TV sets produced in the first 9 months of this year was more than the total number ever produced before. In the past few years, the province has produced sophisticated amplifiers, diodes and other electronic devices which reach advanced domestic standards. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Oct 79 SK]

TIANJIN TEXTILE--Over the past 30 years, the textile industry has been greatly developed in Tianjin Municipality. At present, 50 days' production equals the production of the whole year of 1949. The total industrial output value of the textile industry of Tianjin is 4.3 times that of the total industrial output value of the whole city in 1949. The textile industrial departments of Tianjin Municipality have fulfilled this year's export production plan 4 months ahead of schedule. [Tianjin City Service in Mandarin 2330 GMT 3 Oct 79 SK]

GANSU CHEMICAL INDUSTRY--During the past 30 years, Gansu Province has made great headway in developing its chemical industry, registering an accumulated total value of output in the amount of 890 million yuan. Now there are 118 chemical industry enterprises in the province, making some 250 kinds of products. Contributions made by these enterprises to the state revenue is considerable. Taking the six province-operated enterprises as an example, a total profit in the amount of 1.04 billion yuan has been turned over to the state since these enterprises were established. This amount, plus the tax payments made by the enterprises during the past years, is sufficient to cover the funds which the state invested in them. Major products of Gansu's chemical industry include fertilizer, pesticides, synthetic rubber, plastics, artificial fiber, pharmaceuticals and industrial chemicals. The synthetic rubber industry and the manufacture of methyl alcohol and concentrated nitric acid occupy significant positions in China. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 14 Sep 79 SK]

JIANGSU ELECTRONICS INDUSTRY--The electronics industry has been developing rapidly in Jiangsu Province. At present, more than 100,000 staff and workers are engaged in research and production of various kinds of electronic products at some 300 plants in 60 cities and counties in this province. The various plants in Jiangsu are capable of producing electronic communications equipment for radar and satellite use, electronic computers, television sets, radio sets, recorders and other products to meet market demand at home and abroad. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 4 Oct 79 OW]

JIANGXI ELECTRONICS INDUSTRY--Jiangxi's electronics industry can now mass produce electronics products for civil use in agriculture, industry, culture and education and public health in addition to 7 items of radio equipment, 13 items of wired signalling equipment, and gun-laying radar, all of which directly serve national defense. They include pocket computers, machine tools, metal detectors and medical instruments. The quality of these electronics products is continuously improving. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 27 Sep 79 HK]

JIANGXI METALLURGY ENTERPRISES--There are now 50 metallurgical enterprises in Jiangxi employing 120,000 staff and workers. These enterprises can produce 200 types of steel and 4,000 rolled steel products as well as 30 nonferrous metal and rare metal products. The people in Jiangxi have been mining tungsten for 50 to 60 years. The production of tungsten has also promoted the development of nonferrous metal. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 26 Sep 79 HK]

JIANGXI INDUSTRY EXHIBITION--The Jiangxi exhibition of the light and textile industries and the electronics industry held by the Jiangxi Economic Committee opened in the Jiangxi Exhibition Hall on 26 September after 2 months of preparation. (Liang Kaixuan), chairman of the Jiangxi Economic Committee, presided over the opening ceremony. Secretary Yang Shangkui of the Jiangxi Provincial CCP Committee, cut the ribbon.

visiting the exhibition were Fu Yutian, Liu Junxiu, (Hu Ping), (Zheng Guo), Wang Zhaorong and (Wang Zeming), responsible comrades of the Jiangxi Provincial CCP and Revolutionary Committees and the Jiangxi military district. Some 20,000 varieties of some 5,000 types of products are on display. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 27 Sep 79 HK]

TEXTILE DESIGNERS AWARDED--Shanghai, 3 Sep--Shanghai, the largest industrial city in China, recently awarded medals and bonuses to 170 textile designers for outstanding designs. Shanghai's textile industry employs 1,300 professional designers. The designs chosen include those for fabrics and packaging, and were selected from 6,500 designs produced in the first half of this year. It is intended to give awards in the Shanghai textile design industry twice yearly. Some 2,000 new designs in silk, woolen and cotton fabrics have been produced to mark the 30th anniversary of the founding of the People's Republic of China. [Text] [Beijing XINHUA in English 1215 GMT 3 Sep 79 OW]

SHANGHAI LIGHT INDUSTRY--Shanghai's textile, light and handicraft industries have come a long way in the past 30 years or so. Total output value of the city's textile industry in 1978 increased by more than 500 percent over that in the early post-liberation days; the total output value of Shanghai's light industry in 1978 was 13 times that of the early post-liberation days; and the total output value of Shanghai handicraft industry in 1978 accounted for more than 10 percent of the total output value of the handicraft industry of the entire country. [Shanghai City Service in Mandarin 0000 GMT 23 Sep 79 OW]

SHANGHAI TELEVISION FACTORIES--Shanghai, 10 Oct--Six television factories here reaped a profit of 8,890,000 yuan in the first eight months of this year as compared with a loss of 5,950,000 yuan last year. The loss was due to high costs of production. The factories improved designs and cut down waste. Some leading members of these factories criticized their own former neglect of production costs and their taking government subsidies as a sign of the superiority of socialism. [Text] [Beijing XINHUA in English 0219 GMT 10 Oct 79 OW]

XINJIANG INDUSTRIAL CONFERENCE--A conference on increasing production and practicing economy by Xinjiang's light and textile industries was held recently in Hami. The conference participants pledged to work hard to fulfill this year's production plan in an allround way. The meeting urged all light and textile enterprises in the region to coordinate efforts in guaranteeing raw materials supply and in increasing output of products that are in short supply, and to reduce costs, cut down raw material consumption and save electricity. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 Sep 79 OW]

JIANGSU TEXTILE INDUSTRY--Nanjing, 2 Sep--Jiangsu's textile industry has built 18 production assembly lines for dyeing and printing textile materials in 10 prefectures and municipalities in the province. The effort was aimed at improving this industry's cotton spinning and cloth weaving capability and also at boosting its exports of textile goods. In the past 3 years since 1976, various textile mills in the province have built more than 70 heat dyeing machines and a number of printing machinery items have been imported for the textile mills in Suzhou, Changzhou and Natong, thus raising the technical level of the textile industry of the province. [Beijing XINHUA Domestic Service in Chinese 0241 GMT 2 Sep 79 OW]

CSO: 4006

CAPITAL CONSTRUCTION

BRIEFS

CAPITAL CONSTRUCTION PROJECTS--Shanghai, 7 Oct--Shanghai Municipality has made conscientious efforts to shorten the capital construction line and at the same time accelerate construction in line with the policy of readjusting, restructuring, consolidating and improving the national economy. Computed on the basis of investment, the speed of construction during the first 8 months of this year increased by 65.7 percent compared to the same period last year. The construction of some key projects, such as the Baoshan Iron and Steel Works, the Minhang powerplant and the Jinshan cement plant, has been accelerated. In the whole city, completed capital construction projects cover an area of 980,000 square meters; 50 projects have either been completed or partially completed and put into operation; new housing projects now under construction cover an area of over 2 million square meters. Up to now, the city has also halted or postponed construction of more than 190 projects involving a total investment of 1.39 billion yuan and a construction area covering 1.5 million square meters; of these 190 plus projects, 24 are large and medium having a total investment valued at 980 million yuan. Comrades of departments concerned in Shanghai held that, although work on shortening the capital construction line has been unfolded in an all-round way in the city, it is only a beginning. Serious efforts must be made to implement the policy of readjusting, restructuring, consolidating and improving the national economy and to properly readjust capital construction. This is an arduous task requiring sustained efforts. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 0224 GMT 7 Oct 79 OW]

GANSU RIVER BRIDGE--Lanzhou, 3 Sep--A reinforced concrete bridge was recently built across the Huanghe River near Maqu County, Gansu Province. The bridge is 280 meters long and 7 meters wide. It was opened to traffic on 15 August. [Beijing XINHUA Domestic Service in Chinese 1139 GMT 3 Sep 79 OW]

SUGAR MILL CONSTRUCTION--Three sugar mills, constructed with the investment of the Ministry of Light Industry, have by and large been completed and will be put into operation shortly. These mills will extract sugar from beets, with a total capacity of 12,000 tons of refined sugar annually. Molasses and other by-products from the sugar-extraction process will be used in making animal feed, wine and monosodium glutamate. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 18 Sep 79 SK]

ZHEJIANG CAPITAL CONSTRUCTION--A recent Zhejiang provincial capital construction conference decided that the current primary task of the capital construction front is to sort out projects under construction and make sure that key projects are put into operation as soon as possible. From January to July the province spent 54.8 percent of the total investment funds for capital construction. Thirty-seven key projects approved by the state and the province have been put into operation and more than 40 projects have been discontinued and postponed. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 19 Sep 79 OW]

BEIJING WATER SUPPLIES--Beijing, 8 Sep--Beijing has for the time being ended its water shortage problem and is now providing an ample supply of running water for industrial and domestic purposes. This comes as a result of efforts made by the capital's water company, which has completed the first stage of construction of the No 8. water plant. The two projects, on which construction started in 1974, have made it possible to increase the city's daily water supply from 1.03 million tons to 1.20 million tons. Previously, due to summer water shortages in the period when water consumption is generally high, the water plants have had to impose rationing in parts of the city. The peak daily demand for tap water in the city shows an average annual increase of 100,000 tons, however, and the city's water company is studying possible new water resources to meet Beijing's increasing demand for water. [Beijing XINHUA in English 0745 GMT 11 Sep 79 OW]

JIANGSU MUNICIPAL FORUM--Wuxi Municipality, Jiangsu, invited noted experts, professors, scientists and technicians from all over the nation to a forum on urban construction in Wuxi and construction at Taihu Lake--a noted scenic spot in Jiangsu. The forum lasted from 11 to 18 September. Bao Houchang, secretary of the Jiangsu Provincial CCP Committee, attended and spoke at the forum. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 18 Sep 79 OW]

QINGHAI CAPITAL CONSTRUCTION--Qinghai has made readjustments to capital construction projects in the province so as to obtain the best results from investments made in capital construction. As of now, 31 projects have been cancelled and 68 projects postponed. The total amount of investments in the province has been reduced by 130 million yuan. [Xining Qinghai Provincial Service in Mandarin 1430 GMT 12 Sep 79 OW]

SHANGHAI PATRIOTIC CONSTRUCTION COMPANY--The Shanghai Patriotic Construction Company, an enterprise organized with funds raised by former industrialists and businessmen, was formally inaugurated on 22 September. An inaugural meeting was held at the Shanghai Municipal Exhibition Hall with some 800 former industrialists and businessmen attending. Zhang Chengzong, vice chairman of the municipal revolutionary committee, addressed the meeting. Zhou Gucheng and Zhao Zukang, vice chairmen of the municipal CPPCC committee, (Ma Yixing), deputy director of the municipal planning commission, and (Li Ping), deputy director of the municipal construction commission, delivered greetings messages. The meeting adopted the articles of incorporation of the company and elected the boards of directors and supervisors. (Liu Jingji) and (Tang Xingyuan) were respectively elected chairmen of the board of directors and chairman of the board of supervisors. [Shanghai City Service in Mandarin 1130 GMT 22 Sep 79 OW]

SHANGHAI UNDERGROUND HOSTEL--The first underground hostel in Shanghai opened for business on 1 September. So far the hostel has received nearly 1,000 travelers from 16 provinces and municipalities. Utilizing the underground people's air defense works in (Gonghexin) Road, Zhabei District, the hostel has 10 rooms and a luggage storage room. [Shanghai City Service in Mandarin 0000 GMT 23 Sep 79 OW]

SHANGHAI BUILDING PROJECTS--Shanghai, 10 Oct--Fifty building projects were completed or partly completed in Shanghai, with a total space of about one million square metres in the first eight months of this year. Priority in the city's building programme is given to housing development. A total floor space of 2 million square metres of housing has been started this year. Work has been progressing at a much quicker pace at the building sites for the new Baoshan Iron and Steel Complex, the Minhang Power Plant and the Jinshan Cement Plant. A million square metres of housing space was completed in 1978 and the figure is expected to be bigger this year. In line with the current readjustment in China's capital construction, the city has stopped or put off the construction of 190 items for which building materials are not ensured, the technological process is not yet workable or where there would be environmental problems that are not yet solved. [Text] [Beijing XINHUA in English 0238 GMT 10 Oct 79 OW]

ZHEJIANG HOUSING CONSTRUCTION--By the end of July, some 288,000 square meters of housing units had been completed in Zhejiang to house over 6,800 worker families. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 28 Aug 79 OW]

CSO: 4006

DOMESTIC TRADE

BRIEFS

SHANDONG COMMERCIAL DEVELOPMENT--Since the founding of China, commercial departments of Shandong Province have increased service items and expanded the scale of trade. The amount of purchased commodities for the entire province this year reaches 5.6 billion yuan, an 860 percent increase over that of the initial period after the founding of China, and the amount of commodities sold has increased from 950 million yuan to 6.9 billion. The number of daily necessities procured this year including clocks, watches, soaps, aluminum pans, sewing machines and bicycles, increased by 1,600 percent as compared to that of the initial period after the founding of China. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Oct 79 SK]

SHANDONG RURAL COMMERCE--Rural commerce in Shandong Province has been greatly developed in the past 30 years. The province now has 470,000 mu of mulberry fields, 1.26 million mu of apple orchards and 110,000 mu of tea fields. The total income from diversified economy in the whole province was 6.87 billion yuan in 1978, averaging 106 yuan for each individual of the agricultural population, and the total amount of farm and sideline products was 1.4 billion yuan, 90 times greater than in 1949. As compared with 1950, the present prices for chemical fertilizer and insecticide are 30 to 60 percent lower. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 79]

HEBEI FUR INDUSTRY--Shijiazhuang, 20 Sep--The fur and pelt industry of Zhangjiakou--a major fur center in northern China--is facing production difficulties. Originally there were only five major fur and pelt processing plants in Zhangjiakou with a total capacity of 8.5 million pelts annually. However, over the past 2-3 years, some 320 small pelt-processing factories have sprung up in Zhangjiakou Prefecture. Yet Zhangjiakou Prefecture can only produce 5.5 million pelts each year. This is not enough to satisfy the needs of the five major processing plants alone. Competition for raw material between large and small processing plants has created a serious production problem for Zhangjiakou's fur and pelt industry. [Beijing XINHUA Domestic Service in Chinese 0320 GMT 20 Sep 79 OW]

JIANGSU'S TRADING COMPANIES--Nanjing, 7 Oct--A number of new trading companies have been set up and some old ones restored in Jiangsu's Changzhou, Wuxi and Zhenjiang municipalities and Xuzhou and Yancheng prefectures this year. By coordinating with state-owned enterprises in organizing the flow of commodities, these companies are playing an increasingly active role in promoting production and activating the market. Since its founding last April, the Changzhou Municipal Trust and Trading Company has brought prosperity to urban and rural markets by purchasing fruits, vegetables and other products from commune members and other suppliers in accordance with market needs. [Beijing XINHUA Domestic Service in Chinese 0123 GMT 7 Oct 79 OW]

NEW SHANGHAI MARKET--Shanghai, 31 Aug--Shanghai has set up a market for trading various means of production which have never previously been sold on the market. Since its opening in mid-July, 1979, sales have reached more than 200,000 yuan each day. Located on Zhaojiabin Road, this market sells over 60,000 kinds of products, including machine tools, dynamotors, instruments and meters, building materials, agricultural machinery parts, hardware items, chemicals and even such small articles as rubber gaskets. Most of the items are surplus materials from factories and mines that may be urgently needed by other enterprises in the country. [Beijing XINHUA Domestic Service in Chinese 0246 GMT 31 Aug 79 OW]

SHANGHAI FOOD SUPPLIES--Shanghai, 20 Sep--Shanghai's 2,000 food shops have stocks of moon cakes in Guangdong, Suzhou and Ningbo flavour, amounting to some 120 varieties for the traditional midautumn festival which falls on October 5. Moon cakes are the traditional food to be eaten around the time of the festival. Along with this year's growth of agricultural and side-line production, there is more edible oil, sugar, eggs as well as almond and walnut kernels, sesame seeds, preserved plums and shrimps than in the previous years. According to the estimates of some 50 moon cake producing shops, 7,500 tons of moon cakes will be produced for the festival, a 30-percent increase over last year. About 30 varieties with mushrooms, white fungi and coconut shreds as the ingredients which were not made in the last few years are available again this year. There are also special moon cakes for Moslems made with vegetable oil in Beijing, Suzhou and Guangdong styles. Apart from adding varieties with new flavours and keeping the prices down, many food shops have designed attractive new packaging for moon cakes. [Beijing XINHUA in English 0746 GMT 20 Sep 79 OW]

ZHEJIANG SUPPLY, MARKETING MEETING--The Zhejiang provincial supply and marketing cooperative recently held a meeting on exchange of agricultural means of production. More than 2,700 supply and marketing contracts were signed at the meeting, amounting to 32.5 million yuan, or 9.6 percent more than at the previous exchange meeting. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 5 Sep 79 OW]

FOREIGN TRADE

BETTER PACKAGING URGED TO PROMOTE FOREIGN TRADE

Good Packaging Promotes Sales

Shanghai WEN HUI BAO in Chinese 9 Aug 79 p 1

[Article by staff commentator: "Make a Success of the Packaging of Products for Export"]

[Text] "People need clothing, Buddhist idols need the gilt." In turning out products for export, we must pay attention to packaging. The decking of packages is an important link in the circulation of commodities. In his "Report on the Work of the Government" delivered at the Second Session of the Fifth National People's Congress, Comrade Hua Guofeng touched upon the problem of striving to expand exports, and told us to "make conscientious efforts to broaden the variety of products, raise quality and improve design and packaging." Including the improvement of packaging in the report on government work fully illustrates the importance and urgency of this work.

The packaging of products serves two purposes: one is to protect the contents, the other is to promote sales. Fine packaging can not only protect the goods, facilitate transportation and safeguard products for export abroad against breakage, leakage and deterioration, but also beautify commodities, facilitate their display for sale and help the consumers to recognize, select, carry and use the products. For a consignment of products for export, the state must invest a great deal of funds, the workers must perform untiring labor. If the packages of goods are not well dressed up, good products cannot fetch good prices and may even find no market. As a result, they will economically and politically bring loss and damage to the state. On the contrary, when we pay attention to the improvement of packaging so that our products can meet with the needs of foreign markets, we can expand our sales on these markets, raise selling prices and increase foreign exchange income of the state. Therefore, the improvement of packaging is not a small matter to be ignored. It is an important economic work and a major issue concerning whether or not it could contribute to the fulfillment of the Four Modernizations.

The broad masses of consumers in foreign countries are the target of the sales of our export commodities, of which a large portion of consumer goods are sold through their combined or specialized "supermarkets" and emporiums.

As the old saying goes: "On entering a country, one must inquire about its people's customs and habits." To make a success of the packaging of goods for export, we must take into consideration the form of sale, the selling habits and the consumers' living standard and preferences in different countries and of different nationalities, and should not do whatever we like in our own way or depend on our subjective imagination. On the international market, today when the packaging of goods changes in a thousand ways and becomes new and different every day, the situation is compelling us to open our doors, find out the trend of development of the packaging of commodities on foreign markets, make positive effort to improve packaging according to actual requirements and quickly catch up with the advanced level abroad. If we are contented with the present conditions and remain adamant about new concepts, the ability of our commodities in the competition on the international market will certainly be weakened. The market which we have won will also be lost.

Making improvements in the packaging of goods for export involves better packaging designs, better packing material, new packing equipment and techniques and necessary funds. It not only depends on the factories of production to make their efforts, but also requires the support of various quarters concerned. All departments of industry, foreign trade and scientific research must have the common goal of earning more foreign exchange for the state, work in close cooperation and strive to improve the packaging of commodities. The factories must keep the whole situation in mind, overcome the idea that "domestic trade will take whatever foreign trade rejects," do their utmost, rely on their own efforts and tap their potentials through increasing production and practicing economy. The departments of foreign trade must bring into play the socialist spirit of cooperation, give information on the needs of the international market and the trend of development in the packaging of commodities in other countries, and actively help the factories solve some practical problems. The departments of scientific research must also provide the factories with the results of scientific research on packaging and help them solve actual technical problems.

In the last 2 years, with common efforts made by all quarters concerned, we have made certain improvements in packaging export commodities of this city. According to statistical data of the Shanghai Municipal Export Commodity Packing Company, it is proved that due to the improvement of packaging, the selling prices of some products have gone up, their foreign markets have also been expanded, and more foreign exchange has been earned for the state. However, the area of improvement is not very extensive, many light industrial and textile products still remain in their old forms of packaging as in the past 10 years. In this field, our work has just begun, more efforts are still to be made. At the same time, it also explains that there is a great potentiality in earning foreign exchange by means of better packaging of goods for export, there are still good prospects. Lately, the foreign trade textile product system has made the proposal to "march toward the supermarkets." It expresses the ambition of the broad personnel of foreign trade to earn more foreign exchange for the state as their contribution to the Four Modernizations. Our broad workers and staffs of the light industry and textile industry certainly have their high aspirations and, together with the comrades in

foreign trade and scientific research, will work in close cooperation, make a success of the packaging of goods for export and turn out still more and better products in the demand of the international market for the sake of national prestige.

Earn More Foreign Exchange

Shanghai WEN HUI BAO in Chinese 9 Aug 79 p 1

[Article by staff reporter Xu Zhilua [1776 0037 5478]: "Improve Packaging and Earn More Foreign Exchange"]

[Text] "Ask packaging for foreign exchange." It begins to draw serious attention from the light, textile and handicraft industrial systems. All export goods with improved packaging have not only enhanced their competitive ability on the international market but also earned more foreign exchange to carry out the Four Modernizations.

In winter last year, a West German merchant from Hamburg, accompanied by a comrade of the Shanghai Clothing Import-Export Company, came to a factory on Xuzhen Road for a visit--the Shanghai Handkerchief Factory No 3. Having exchanged greetings with the host, this guest from a distant land took from his handbag a small paperbox with a transparent cover, and said: "I wish you could use the same kind of packaging as this, each box contains only three or six handkerchiefs. In this way, it can go on to the supermarket."

In the past, the factory always packaged its products according to the old method of packing handkerchiefs for export to the Soviet Union in 1950's, each box containing one dozen pieces, packed in a dingy colored paperbox, designs on its top showing sunflowers, a red sun and construction sites. Nobody knew what was inside. Some foreign merchants repacked them into small decked packets for sale, and made more money. Otherwise, these cases of handkerchiefs were sent to small stores for disposal. The No 3 Factory accepted the suggestion made by this friendly visitor from the distant land, changed the packing into small packets, used transparent covers for the boxes, printed the bottom of the box with simple and attractive flowery designs and gave prominence to the delicate patterns of the handkerchiefs. This change has really enhanced the prestige of the goods. Immediately, the handkerchiefs were placed on display at the supermarkets in a dozen foreign countries, including Belgium, Italy, Canada and the United States. The whole trade popularized the experience of the factory, and improved the packaging of handkerchiefs. In the first half of this year, they have earned a great deal more foreign exchange for the state.

How to improve the packaging of export commodities in order to enhance their ability to compete and earn more foreign exchange for the realization of the Four Modernizations?

On this question, your reporter interviewed a leading comrade of the Shanghai Institute of Export Commodity Packaging. He gave me an eight-word guideline on the basis of the trend of development of commodity packaging on the international market: transparent (to attract customers), handy (for use only once, or for the use of small families), new (new styles, patterns and designs), clear (clear and simple wording), complete (complete with accessories), soft (for portability), protective (against deterioration of contents), and inexpensive (packing material). He said: "People must be clothed, Buddhist idols must be gilded, and products depend on packaging. If the Shanghai light, textile and handicraft industries want to export their products to the supermarkets in Europe and America, not only must the quality of their products be of the first grade, but the packaging of their products must also be of the first grade. Our packaging of goods must comply with the requirements of the foreign supermarkets and the living style of foreigners. For instance, the supermarkets in foreign countries have no personnel to attend to their customers; therefore, the goods must be so packaged that they can 'recommend themselves.' Small packets are best for retail, such as very small handkerchiefs which foreigners always buy as gifts to others on festive occasions. They should be arranged in a set of patterns, and packed in delicate gift-boxes. We must be familiar with international markets, and learn how to do business with foreigners."

From visits to some factories, your reporter has also gained the following strong impression: Those who could proceed from the reality of foreign markets and improve the packaging of their products have all received their due "good rewards." The Shanghai Shirt Factory No 7 changed its old method of folding every shirt to putting all shirts on hangers before they were packed into paperboxes. This packaging enabled the merchants to take these shirts from the packages and put them on display in their stores without further handling, and became very popular. A box of two dozen shirts packed in this way, in comparison with shirts packed in the ordinary way, not only sells at a higher price but also saves the cost of transportation. The People's Needle Factory has stopped making black paper-packets which they made for scores of years in the past. Instead, they are now packing sewing needles on a small piece of cardboard with delicate designs, 20 needles on each piece, covered with a thin plastic sheet; it is also punched with a hole for hanging up at the supermarkets. Immediately it gains higher prestige, and earns more foreign exchange for the state. The design personnel of the Shanghai Municipal Daily-Use Chemical Engineering Company freed themselves from the mental fetters of "serving the bourgeois ladies" which Lin Biao and the "gang of four" set up, designed a new style of containers for the company's hair cream and shampoo "Beauty Plus Purity," replaced glass bottles with light plastic bottles and received the welcome of the international market...According to the statistics of the Shanghai Municipal Export Commodity Packaging Company, in the last 2 years some light and textile industrial products of Shanghai were exported with improved packaging, instantly enhanced their status and raised their selling prices about 5 percent higher than before. It explains that there is a very great potential to earn more foreign exchange by means of improved packaging, and there is a great deal to do. This year, all import and export companies of Shanghai are going to further improve the packaging of 26 commodities of the industrial departments. By doing so, they will earn still more foreign exchange for the state.

FOREIGN TRADE

BRIEFS

HEBEI FOREIGN TRADE--Tianjin Port, Hebei Province, is maintaining foreign trade relations with 148 countries and regions. Trade volume in 1978 was valued at \$860 million, setting an all-time record. Trade with foreign countries has continued to expand since the beginning of this year. [Beijing Radio in Mandarin to Taiwan 1500 GMT 22 Sep 79 OW]

CSO: 4906

TRANSPORTATION

BRIEFS

STANDBY AIRFIELD--Hefei, 23 Sep--China has announced another large standby airfield for international flights--the Logang airfield in Hefei. Located at Logang in the southern suburbs of Anhui's Hefei Municipality, the airfield has a runway 3,000 meters long and 50 meters wide, with taxiways at both ends of the runway totaling 3,000 meters in length. Equipped with modern navigational aid and passenger handling facilities, the airfield has been open to traffic since 15 December 1977, and its vast ramp area can accommodate three Boeing aircraft at the same time. Shanghai-bound international flights can make use of the airfield if the weather conditions in Shanghai do not warrant safe landings. [Beijing XINHUA Domestic Service in Chinese 0227 GMT 23 Sep 79 OW]

GUANGZHOU SHIPPING--The Guangzhou Ocean-going Transport Company has actively developed ocean-going transport with the foreign exchange loans of the state banks and has scored very good economic results. From 1961 to 1978, the company earned 900 million yuan of foreign exchange for the state. The amount earned is enough to purchase 200 10,000-ton ocean-going vessels. In the past few years, they have purchased 120 ships from foreign companies with bank loans. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 1 Oct 79 HK]

KUNMING TRANSPORT--The length of highway in Kunming Municipality has increased from 419 km in the early period of the founding of PRC to the present 1,850 km. The 60 communes in suburban areas are now accessible by motor vehicles, while 90 percent of the brigades and 77 percent of the production teams have modern roads. There are now 480 cargo motor vehicles in the communication and transport departments, while the passenger motor vehicles have increased to 305. In 1978, 100.59 passengers were transported, an increase of 40.2 times over the early period of the founding of PRC, while the cargo transported in 1978 increased by 8.9 times. [Kunming Yunnan Provincial Service in Mandarin 1330 GMT 2 Oct 79 HK]

SHANDONG TRANSPORTATION--In Shandong Province, the total length of highway is now some 34,000 kilometers as against 3,152 kilometers in 1949. Of this total, the length of asphalt highway is about 13,000 kilometers. There are 6,900 highway bridges in the province with a total length of some 240 kilometers. Two steel girder highway bridges across the Huanghe River have already been built in Pingyin County and Beizhen. Another bridge across Huanghe River is being constructed in Jinan. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 79]

ANHUI INTERNATIONAL AIRPORT--Hefei, 24 Sep--International airliners that would normally land in Shanghai, will be able to fly into Hefei, Anhui Province, in the case of bad weather. Luogang Airport, south of Hefei has a 3,000 meter long and 50 meter wide runway. The taxiways on both ends of the runway total 3,000 meters and are 18 meters wide. The ramp is big enough for three Boeing planes. The navigation system includes radar, and a homer and can handle blind landing and night flights. The airport main building can accommodate over 200 passengers, four dining halls, serving Chinese and Western food and food for Moslems, can serve 100 passengers. Hotels, shops and telephone booths are available. The Luogang International Airport was commissioned on December 15, 1977. [Text] [Beijing XINHUA in English 0724 GMT 24 Sep 79 OW]

GUANGZHOU-FUZHOU AIR ROUTE--Guangzhou, 13 Sep--The Guangzhou-Fuzhou air service was officially inaugurated on 13 September for the convenience of overseas Chinese and compatriots from Hong Kong and Macao who often visit various parts of Fujian Province. This new service offers two regular flights weekly on Thursdays and Sundays, with the return trip the same day. [Beijing XINHUA Domestic Service in Chinese 1539 GMT 13 Sep 79 OW]

SHANDONG PORT EXPANSION--Since 1973, Shandong Province has extended Yantai and Qingdao ports and built five middle- and small-sized ports such as Longkou, Weihai, Changdao, Zhangjiafu and Lanshantou. These ports are now able to provide 27 berths for general cargo ships. Among them five are for 10,000-ton cargo ships and two for ships of 20,000 and 50,000 tons. Along with the development of port construction, the freight movement in Shandong Province increased by 120 percent compared to 1972. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Sep 79 SK]

SHANGHAI PORT--In 1978 Shanghai port handled 80 million dun of cargo, up from the 1.94 million dun during the early period following liberation. The freight for export increased more than 500 times and the profit it delivered to the state accounted for one-third of the figure registered by China's 14 coastal ports. From this January to August, it handled 54.75 million dun of cargo, topping the same period last year by 7.6 percent. The No 10 zone of the Shanghai port has been reformed into China's first harbor handling container freight. The volume of cargo handled by the Shanghai port now ranks among the world's big advanced ports, surpassing Hamburg, West Germany, and Osaka, Japan. [Beijing Domestic Service in Mandarin 1200 GMT 1 Oct 79 OW]

XINJIANG AVIATION--Xinjiang has made new progress in developing civil aviation. Two air routes have been open to traffic since the smashing of the "gang of four." Direct flights from Urumqi to Beijing started in 1971. Flight service between Urumqi and Shanghai began not long after the downfall of the "gang of four." At present, there are eight air routes within Xinjiang, totaling more than 5,521 kilometers. Urumqi airport handles 66 flights weekly. It is being expanded to meet increasing needs. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Oct 79 OW]

XINJIANG HIGHWAY CONSTRUCTION--Xinjiang has made big strides in highway construction since liberation. Before liberation Xinjiang had only about 3,000 kilometers of highways and roads. At present, a network of roads and highways with Urumqi as the center has been established. The total mileage open to traffic now is 23,800 kilometers. Over 90 percent of the communes and 80 percent of the production brigades in the region are connected by bus service. More than 6,800 kilometers of postal roads have been constructed since 1958. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Oct 79 OW]

ZHEJIANG COMMUNICATIONS, TRANSPORT--In the first half of this year the communications and transport departments in Zhejiang Province over-fulfilled the main economic targets set for both cargo and passenger transport, with the volumes handled reaching a record high for both. This is the result of the mass movement to increase production and practice economy. Now 50 of the highway transport departments have carried out their transport tasks on a contract basis, which raises the sense of responsibility on the part of the transport departments and raises the quality of their services. In the first half of this year, the motor vehicle transport department in the province saved more than 1,723,700 liters of gasoline, and the provincial navigation company saved 987,000 kilograms of diesel oil. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 28 Aug 79 OW]

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